

The ICC Business Charter for Sustainable Development

Assessing the Charter before taking Action

A thesis

submitted by

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Abstract

The International Chamber of Commerce (ICC) launched its Business Charter for Sustainable Development in 1990. The Charter consisted of a short introduction and a set of 16 principles for environmental management and has been one of the most discussed ICC environmental efforts.

This assessment of the ICC Charter may provide ground for the ongoing dialogue related to the role and effectiveness of voluntary initiatives, particularly those to be launched in South Africa during the 2002 United Nations World Summit on Sustainable Development.

ICC claims that more than 2,300 companies have formally supported the Charter. Although ICC makes the list of companies available to whoever is interested in it, very little research has been done on the Charter supporters and on their performance in implementing the Charter principles.

This thesis begins with three chapters on the ICC, voluntary environmental initiatives, and the ICC Charter. It follows with an analysis of the current list of Charter supporters, one assessment on reporting practices of a random sample of 768 supporters, and another assessment of reporting practices of Brazilian Charter supporters. Environment-related reports available online were analyzed for these supporters.

The analysis shows that the list of signatories contains some duplications and errors and that more than 90% of the supporters come from only 24 countries. Of the supporters, 29% come from Malaysia alone.

Of the random sample of 768 supporters, 167 had reports available on the Internet with varying expressions of commitment to the environment, description of environmental activities and environmental indicators.

Of the 41 Brazilian supporters, 21 had reports available on the Internet. The Brazilian reports were also benchmarked to the Global Reporting Initiative sustainability reporting guidelines, what confirmed the lack of basic environmental data in all reports.

This thesis raises questions about the credibility of voluntary initiatives that are not enforced or monitored by their sponsoring organizations. This thesis also calls for the inclusion of social as well as economic and environmental concerns in future sustainable development initiatives to promote strong and sincere efforts from developing countries.

*To all those who believe in the business potential
to provide power to a sustainability move
and want to encourage sincere efforts.*

This work is available on the web at <http://www.geocities.com/iccproject2001>

List of Acronyms

ABIQUIM	Brazilian Chemical Industry Association (Associação Brasileira da Indústria Química)
ACC	American Chemistry Council (former CMA)
BCSD	Business Council for Sustainable Development (see WBCSD)
CCPA	Canadian Chemical Producers Association
CEBDS	Brazilian Business Council for Sustainable Development (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável)
CERES	Coalition for Environmentally Responsible Economies
CMA	Chemical Manufacturers Association (now ACC)
EMS	Environmental Management Systems
FBDS	Brazilian Foundation for Sustainable Development (Fundação Brasileira para o Desenvolvimento Sustentável)
GRI	Global Reporting Initiative
ICC	International Chamber of Commerce
ISO	International Organization for Standardization
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
WBCSD	World Business Council for Sustainable Development (created from merger of BCSD and WICE)
WICE	World Industry Council for the Environment (see WBCSD)
WICEM	World Industry Conference on Environmental Management

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Introduction

In 1990, the International Chamber of Commerce (ICC) developed the Business Charter for Sustainable Development.¹ The Charter was the first environmental voluntary initiative proposed by a business organization for businesses of every economic sector and from every country.

It called for a proactive attitude from businesses with regard to their environmental performance. Among other things, businesses were called to implement an environmental policy and an environmental management system (EMS) – which should be improved over time – and to provide appropriate information to a variety of stakeholders.²

The Charter was formally launched in 1991 during the World Industry Conference on Environmental Management in Rotterdam, Netherlands. In 1992, it was promoted to a broader audience in the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil.

Since then, more than 2,000 entities, mostly private companies, have officially supported the Charter. Who are these supporters? Where are they from? Are they showing improvement in their environmental performance? Can we measure this improvement? How?

In an attempt to answer these questions, this thesis intends to do an assessment of the supporting companies and their public environmental reports.

¹ From this point forward the Business Charter for Sustainable Development will be referred to simply as the Charter.

² Stakeholders cited in the ICC Charter are the Board of Directors, shareholders, employees, the authorities, and the public (see complete text of the Charter in Appendix A).

Importance of an Assessment of the Charter

In the past ten years, voluntary initiatives have attracted a growing interest from governments, international agencies, business organizations and even individual companies.

Several governments are considering voluntary initiatives as potential alternatives to additional environmental regulations. Voluntary initiatives may also come in the form of regulatory flexibility in an attempt to reduce a company's environmental impacts as well as the costs associated with environmental compliance (Coglianese and Nash 2001). Finally, individual companies have implemented and continue to implement their own voluntary initiatives that lead them to beyond-compliance condition (Schmidheiny 1992; DeSimone and Popoff 1997; Hawken et al. 1999).

The International Chamber of Commerce (ICC) is one of the strongest advocates for business self-regulation in every aspect and, in particular, with respect to environmental protection.

The ICC Business Charter for Sustainable Development is one of the best-known voluntary initiatives and it is mentioned in publications released by businesses, governments, international agencies, and research institutions (IISD 1997; WBCSD and UNEP 1998; ABN-AMRO 1998-2000; Cattau 1999; Baxter 2000; Cattau 2000; Midtbank 2000; WBCSD 2000; SONY 2001; UNIDO training kit). On the other hand, very little has been written about the effectiveness of the Charter and, perhaps most importantly, little is known about the list of Charter supporters and their environmental performance. This work is an attempt to fill in this gap.

The Charter has just completed 10 years. This is an especially good time for a closer look into the Charter supporters and their commitment to the Charter. In 2002, the United Nations will hold a World Summit on Sustainable Development in South Africa and an assessment of the Charter may be very appropriate for the occasion. The International Chamber of Commerce, in collaboration with the World Business Council for Sustainable Development (WBCSD), is promoting a new business initiative named Business Action for Sustainable Development (BASD). An assessment of the Charter may shed some light on how the Action should be initiated in order to promote effective efforts towards sustainable development.

Reporting Performance as an Indicator of Charter Effectiveness

It is not obvious how one can assess the Charter effectiveness. Most of the Charter's 16 principles for environmental management are either subjective – and therefore open to a wide range of interpretations – or they are hard to measure due to little access to companies' inside information.

However, one of the Charter's principles – “Compliance and Reporting” – asks companies “to provide [periodically] appropriate information to the Board of Directors, shareholders, employees, the authorities and the public.”

Assessing reporting frequency and quality is possibly the most feasible and also useful way of measuring the Charter effectiveness in affecting the environmental performance of companies. The mere implementation of environmental policies and management systems does not necessarily improve the environmental performance of companies.

Good policies should be followed by good management systems and good management

systems should result in good internal reporting, and, hopefully, good external reporting as well.

An assessment of external reporting alone can be disappointing if the reports are few and of low quality. Companies that are beginning to implement their policies and management systems may appear to be investing little if anything, in environmental improvement. Companies that have just started to report may fail to produce a good quality report or to publicize them effectively. This could occur due to the lack of experience, poorly implemented EMSs, inadequate guidance on how to produce reports, or low interest in the company in producing them.

An assessment of external reporting, on the other hand, is certainly more revealing than a mere survey on the implementation of environmental policies and EMSs. Results are what matters to the public, not the process through which the results are achieved.

During the Second World Industry Conference on Environmental Management (WICEM II) in 1991 – an event in which the Business Charter for Sustainable Development was launched – Dave Buzelli, then Dow Chemical’s Vice President for Environment, Health, and Safety, reportedly said “Don’t trust us, track us” (Wyburd 1992).

This work carries this skeptical attitude that if businesses are not reporting they might not be acting. The public cannot track companies if they are not making their reports easily available. If businesses are serious about enhancing the trust between the public and the private sector they should be providing public reports on the impact of their activities on the environment.

It should be expected that companies that have officially supported the Charter be sincerely interested in implementing the Charter principles. As it has been shown, the Charter does ask companies to report to the public. The Charter was developed more than 10 years ago and all companies currently in the list of Charter supporters have supported the Charter for at least 4 years,³ therefore, it is reasonable to assume that Charter supporters should be producing reports on their environmental performance by this date.

Need for evaluation of voluntary initiatives in developing countries

The literature on corporate environmental reporting (CER) is often optimistic about the potential benefits environmental reporting can bring to developing countries. Most often this optimism is based on theoretical assumptions and on the study of specific countries. As Belal has noted, “only a handful number of studies are available on the developing countries, concentrating on the newly industrialized countries and African countries” (Belal 2000). By looking only at unusual countries such as Singapore one may have a reasonable explanation for optimism, but one must leave some room for caution as well. Very little is known about reporting patterns in developed countries and much less in developing countries.

This work attempts to enhance the knowledge on the effectiveness of voluntary initiatives in the context of developing countries by assessing the environmental information of Charter supporters from Brazil.

³ The list of Charter supporters will be further discussed in Chapter 5.

Structure of this work

Chapter 1 presents the history, organization structure of the International Chamber of Commerce (ICC), and focus on ICC environmental activities. The Business Charter for Sustainable development is discussed briefly as it is looked in greater depth in Chapter 3.

Chapter 2 explains the nature of voluntary initiatives and discusses some of the better known initiatives adopted by businesses such as the chemical industry's Responsible Care program and the CERES principles.

Chapter 3 is dedicated in full to the Business Charter for Sustainable Development. It provides the history and description of the Charter and discusses its implications.

Chapter 4 describes the methods used in this work.

Chapter 5 discusses the list of Charter supporters: who they are, what country they come from, what sectors they represent, etc.

Chapter 6 presents the results of a brief analysis of the reporting performance of a random sample of the list of Charter supporters.

Chapter 7 offers a more detailed analysis of the Brazilian Charter supporters and their reporting performance.

Chapter 8 provides a conclusion of this work.

Chapter 1. The International Chamber of Commerce

International Chamber of Commerce, through its Paris-based international office and more than 100 national committees representing more than 7,000 companies worldwide, gathers business leaders from across the world with the main objective of promoting an open international trade and investment systems and market economies.

According to its 2001 annual report, the “ICC is the world business organization, the only representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.” In fact, ICC, as a business representative, continues to hold official consultative status with the United Nations (UN) and its specialized agencies. ICC also works closely with the World Trade Organization (WTO), the International Organization for Standardization (ISO) and other international organizations.

ICC members include thousands of companies⁴ interested in international trade and investment from over 130 countries. ICC membership is open for corporations and companies in all sectors, national professional and sectoral associations, business and employers federations, law firms and consultancies, chambers of commerce, and even for individuals involved in international business. Membership to national committees is open to any business or association in each country. ICC membership is also available directly through its international office.

⁴ A selection of more than 200 ICC member companies is available on ICC’s website (<http://www.iccwbo.org/>; accessed on 30 July 2001. Most listed companies are well-known multinationals, such as ABB, Coca-Cola, Du Pont, Ford, Nestlé, Shell, and Zeneca. ICC members also include a large number of chambers of commerce from all over the world.

Background

The ICC was founded in 1919, in the aftermath of World War I. The war had left European business infrastructure damaged and markets distressed. This prompted a small group of business leaders from Belgium, Britain, France, Italy, and the United States to join their forces and initiate their efforts for the European reconstruction under the motto “World Peace Through World Trade” (Ridgeway 1959). The ICC continues to carry out its conviction. In its latest report the ICC claim that “trade is a powerful force for peace and prosperity” (ICC 2001).

In the years prior to World War II, the ICC “participated actively in a nonvoting capacity in the League [of Nations] economic, financial, and technical committees and conferences” (Ridgeway 1959, p. 5) in an attempt “to establish conditions suitable to world trade” (Ridgeway 1938, p. 147). As expected, during WWII the work of ICC was much reduced. Nonetheless it did not come to an end. ICC International Office in Paris continued in operation through out the war and a temporary office was also opened in neutral Sweden.

Soon after WWII came to an end the United Nations (UN) was created and in one year the ICC was offered official consultative status at the highest level with the UN and its specialized agencies through the United Nations Economic and Social Council (ECOSOC). It is in this period that ICC initiated a global expansion of its activities beyond Europe, the United States and a few other nations. The number of national committees grew from less than 30 in 1950 to more than 100 in 2001. Most developing country representatives currently engaged in ICC work came into the organization after

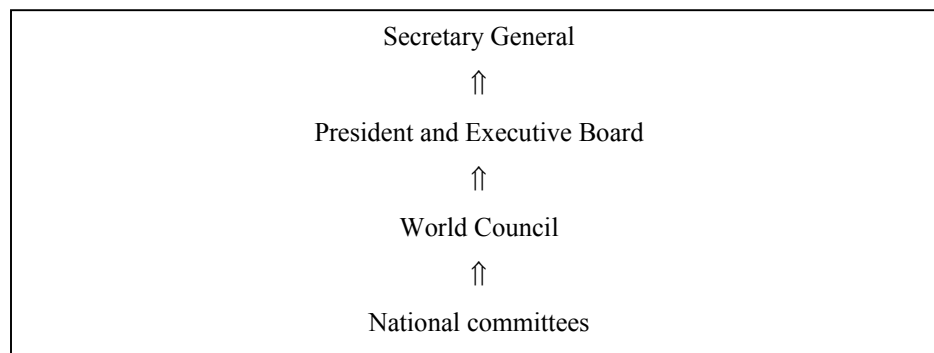
1970 (Schneider 2000). Hence, although the ICC is more than 80 years old, its international power grew dramatically in the past 40 years.

Organization structure and major activities

ICC brings national and international business concerns to a central international organization, which proposes solutions and arbitrates disputes. ICC's hierarchical structure allows members to shape its programs and makes sure national business concerns are taken into account.

The ICC national committees appoint the business executives that form ICC's supreme governing body, the World Council.⁵ The World Council elects the President and the Vice-President for two-year terms and the 15 to 30 members of the Executive Board for three-year terms. The Executive Board is responsible for implementing ICC policy and setting strategy, and, together with the President, it appoints the head of the International Secretariat – the Secretary General. The International Secretariat, through its staff of almost 100 permanent employees, works closely with the national committees to carry out ICC's work programme.

FIGURE 1.1 - ICC hierarchical structure ("bottom-up structure")



SOURCE: based on text provided in ICC 2001 annual report

⁵ The World Council may also invite ten direct members from countries with no national committee.

Most of ICC's activities are carried on by several working bodies specialized in policy formulation. These bodies are often called commissions, which are also subdivided into several committees and working parties. Currently there are 14 commissions and more than 70 committees and working parties (see Appendix C for a diagram of ICC organization including commissions and their working parties responsible for environmental activities). The commissions and their subgroups publish on a variety of subjects of interest to businesses, promote events, and collaborate with other international bodies to assure that business interests are taken into account in their decisions.

Among the most important ICC publications are the Uniform Customs and Practices (UCP) and the Incoterms. The Uniform Customs and Practices (UCP) provides "a compilation of international banking practices with respect to letters of credit" (Hotchkiss 1994). The Incoterms establish standard trade terms that facilitate international sales contracts. It was first published in 1936. Today they are well known throughout the world (August 1997). The current version is *Incoterms* 2000 (ICC 2001).

In addition to the publications, ICC is also concerned with implementation measures that contribute to governance and self-regulation of international business. For this purpose, ICC provides services of one of the most important ICC units, the International Court of Arbitration – the foremost institution for the resolution of international commercial disputes by arbitration (Schneider 2000). The number of requests filed with the ICC Court has increased exponentially from 29 in 1950 to 541 in 2000 (ICC 2001).

Environmental activities⁶

In environmental matters, the ICC collaborates closely with a variety of organizations, including the United Nations Environment Program (UNEP) and the World Business Council for Sustainable Development (WBCSD).

The ICC participates actively in the work of the UN as a business representative.

Together with the World Business Council for Sustainable Development (WBCSD), the ICC provides business input to the UN Commission on Sustainable Development.

The ICC initiated its environmental activities in 1971, when it created its Environment Commission in order to prepare a business position for the United Nations Conference on the Human Development to take place the following year in Stockholm, Sweden (Wyburd 1996).

In 1974 it published its *Guidelines on Environmental Management*, a first attempt to get businesses to implement an environmental management systems (EMS). It is actually in this period that some companies start to implement EMSs. One of the first companies to implement an EMS was the US-based 3M, through its program Pollution Prevention Pays (3P), which was initiated in 1975 (Schmidheiny 1992; 3M website, accessed 15 October 2001).

Ten years after the publication of the *Guidelines*, ICC, jointly with UNEP, organized First World Industry Conference on Environmental Management. (WICEM I) held in 1984 in Versailles, France.

⁶ See Appendix D for a table summarizing ICC environmental activities and related world events.

The ICC developed the Business Charter for Sustainable Development⁷ in 1990 and launched it in 1991 during the Second World Industry on Environmental Management (WICEM II) in Rotterdam, Netherlands, also organized by ICC and UNEP.

Shortly after the launching of the Charter over 200 companies publicly supported the principles therein. Most of these companies were from developed countries and from the chemical and energy sectors. In the following years the number of supporters rose to above 2,000, according to the ICC (Wyburd 1996).⁸

During the 1992 United Nations Conference on Environment and Development (UNCED) the ICC publicized the Charter once again to a much broader audience. It also launched the book *From Ideas to Action*, which provided “case studies showing what was being done to implement the Charter” (Wyburd 1996). These were among the greatest business contributions to UNCED.

To follow up the business commitment expressed in UNCED, ICC created in 1993 the World Industry Council for the Environment (WICE), a CEO membership body. One of WICE’s most important works was the *Environmental Reporting: A Manager’s Guide*, published in 1994, which put out ideas on what reporting means to a company and how it should be done (Wyburd 1994). In 1995, WICE, in collaboration with UNEP and FIDIC (International Federation of Consulting Engineers), also published the *Environmental Management System Training Resource Kit* to assist companies in their efforts in EMS implementation.

⁷ The ICC Charter is discussed in detail in Chapter 3.

⁸ Chapter 5 will challenge this claim.

In 1995 WICE merged with the Business Council for Sustainable Development (BCSD)⁹ to form the World Business Council for Sustainable Development (WBCSD). WBCSD is independent from ICC but the two organizations still work closely on environmental issues. WBCSD is based in Geneva, Switzerland. It is currently a coalition of 150 multinational companies from 30 countries representing 20 major industrial sectors. Similar to the ICC, WBCSD has 30 national and regional business councils that represent over 700 business leaders (WBCSD website, accessed 15 October 2001).

Both ICC and WBCSD are official supporters of the United Nations Global Compact formally launched in July 2000. The Global Compact is a call on companies “to embrace nine universal principles in the areas of human rights, labor standards and the environment” (Global Compact brochure, <http://www.unglobalcompact.org/>).

In addition to supporting the UN initiative, ICC and WBCSD have launched recently their own joint-initiative named Business Action for Sustainable Development. Its strategy is currently in development and will be made fully public during the 2002 UN Summit on Sustainable Development in Johannesburg, South Africa. This initiative will be led by current Chairman of the Royal Dutch Shell Group, Sir Mark Moody Stuart.

“Our aim is simple,” explains Sir Mark. “It is not to create yet another organisation but rather to create a network among business groups, whether international, sectoral or regional, in the months leading up to the Johannesburg Summit. We hope this ensures the world business community is assigned its

⁹ BCSD, or Business Council for Sustainable Development, was created in 1990 through the initiative of Swiss industrialist Stephan Schmidheiny, who had been invited by Maurice Strong, secretary general of the 1992 United Nations Conference on Environment and Development, to prepare and “present the global business perspective on sustainable development” (Schmidheiny 1992). BCSD gathered from the beginning some 50 business leaders from all continents.

proper place in preparations for the Summit and that we are seen at the event itself to be playing a constructive role.

“Our messages will be straightforward: a business-like emphasis on action and not merely process; an openness to partnership with other players in a wide variety of sustainable development initiatives; and a commitment to openness and accountability all round. Put simply, our message going into the Earth Summit in 2002 is that business is part of the solution to sustainable development.” (BASD website, accessed 15 October 2001).

The Environment Commission Today¹⁰

The ICC Environment Commission is currently chaired by Lord Holme of Cheltenham, an advisor to the chairman of Rio Tinto plc, a major British mining company, and vice-chaired by Manoel Pio Correa Junior, the president of Ishikawajima do Brasil Estaleiros SA, the Brazilian subsidiary of the Japanese Ishikawajima Harima, a company that covers a broad range of products worldwide and, in Brazil, builds and repairs ships.

The Environment Commission also relies on four working parties for the development of its technical work. These are Biosociety, Trade and Environment, Climate Change, and Sustainable Development.

The Biosociety Working Joint Party is currently chaired by Blake Biles from Arnold and Porter, a US-based law firm. A particularly interesting publication from this working party is the *Global Roadmap for Modern Biotechnology*. This publication is currently

¹⁰ The information in this section was obtained from brochures sent by ICC through regular mail in July 2001.

available through ICC's website and "it is intended to be a 'living document' which evolves as policies and technologies develop." Among other things, it addresses business concerns with respect to market penetration and protection of property rights. In its current form, it states "biotechnology can play a critical role in helping developing countries address many of their pressing challenges." The *Global Roadmap* was launched in June 2001 during an ICC conference in Singapore, to which ICC invited representatives from several major biotechnology companies such as Dow, DuPont, Merck, Monsanto, Nestlé, Novartis, Pfizer, Syngenta, and Unilever (ICC website, accessed 15 October 2001).

The Environment Commission also works jointly with the International Trade and Investment Policy Commission to conduct the work of the Trade and Environment Joint Working Party. Lars Anell, a vice-president of AB Volvo, a Sweden-based vehicle manufacturer, currently chairs this Working Party.

With the Energy Commission, the Environment Commission conducts jointly the work of the Climate Change Joint Working Party, which is chaired by Nick Campbell, an environmental manager of Atofina, the France-based chemical branch of TotalFinaElf Group.

The Sustainable Development Working Party, which developed the Business Charter for Sustainable Development in 1990, is currently co-chaired by Chris Anastasi, a senior environmental adviser of British Energy plc, a UK-based electricity company, and George Carpenter, a director of corporate sustainable development of Procter & Gamble, a US-based consumer product company. The Sustainable Development Working Party

was the working party that developed the Business Charter for Sustainable Development in 1990.

Interestingly, most of the companies from which the chairs of the Environment Commission and the Working Parties come, have not signed on to the ICC Business Charter for Sustainable Development. Only Procter & Gamble and AB Volvo have signed it.

The Environment and Sustainable Development Website

The ICC launched in 2000 a new website entitled Environment and Sustainable Development. Through this website, ICC provides basic information on its environmental activities and events. The website also provides information on the Business Action for Sustainable Development (BASD) and the ICC participation in the United Nations Global Compact.

One of the environmental topics most discussed is climate change. The website provides several articles stating business positions to the international climate negotiations currently in development.

The website also provides links to related websites, text of relevant speeches, and contact information for environmental issues. ICC also posts the name of the 12 winners of its Millenium Business Award for Environmental Achievement.

An interesting section of the website is named “Company Showcase.” In this section ICC provides information on 17 “pioneering companies.” All but one of the companies currently listed in this section are multinationals based in Europe. In this section ICC also

refers to the Business Charter for Sustainable Development saying that “[t]housands of Charter supporters have proven themselves to be visionary companies that drive forward environmental management” (ICC website, accessed 15 October 2001)

The website also provides a potentially valuable link to a database of environmental and sustainability reports maintained by Next Step Consulting, a London-based communications consultancy firm. The website claims to have more than 1,700 reports in the database. This does not represent 1,700 distinct reporters, as a single company may have produced more than one of these reports. The access to the database is free of charge. Unfortunately, the reports are not available for download from this organization’s website.

Finally, the Business Charter for Sustainable Development receives considerable attention in the website, and through it the ICC continues to call on companies to formally support the Charter. The text of the Charter is available in the website only in English¹¹ although it has been published already in more than 23 languages. The list of Charter supporters, on the other hand, is not available online at all.

¹¹ The complete text of the Charter is available in Appendix A

Chapter 2. Business Voluntary Initiatives

There is a growing interest in policy alternatives that may yield better environmental results and accomplish them in a more cost-effective manner (Coglianese and Nash 2001). It is widely acknowledged that the current set of regulations in most developed countries has produced positive results, for instance, cleaner urban air. On the other hand, several of these regulations are thought to impose unnecessary social and economic costs that could be avoided through a more comprehensive policy approach (Hawken et al. 1999; Jaffe et al. 2000; Porter and van der Linde 2000; Reinhardt 2000). Also, a wide range of environmental impacts, especially those related to non-point sources, is not addressed appropriately by current regulations (Elliott 1994; Beardsley et al. 1997). New policy alternatives that would complement or substitute current regulations, may simultaneously reduce the costs associated with environmental protection, result in better environmental results, and promote continuous improvement (Schmidheiny 1992; Hawken et al. 1999).

Business organizations, such as the International Chamber of Commerce, are active advocates for self-regulation and market mechanisms. These organizations believe that governments should be promoting alternative regulations that encourage the voluntary implementation and enhancement of environmental policies and management systems.

Voluntary initiatives, or self-regulation, are often mentioned by industry as a better alternative to the current set of command and control regulations. It is assumed that self-regulation is more cost-effective and will result in better environmental outcomes.

Several individual companies, trade and industry associations, non-governmental organizations and governments have promoted and implemented voluntary initiatives, especially in the past ten years.

Getting in the cycle

Voluntary initiatives to be successful require commitment from the company's decision makers. Without commitment the initiatives will most likely be discontinued or, perhaps, not even be implemented.

Once a company has committed to the initiative it enters the usual management cycle often referred to as “plan-do-check-act” cycle. In the planning stage the company adopts policies, specifies performance goals and establishes a management system – including the assignment of defined roles for staff members and allocation of resources necessary for a successful initiative. In the doing stage the company implements the policies and achieves its goals through various specific programs and projects. In the checking stage the company reviews the results of its programs. If the company is achieving its performance goals, it continues in the short loop “do-check.” If the performance goals are not being achieved the company initiates the acting stage by reviewing its policies, goals and management systems (Roberts and Roberts 1998; Nash and Ehrenfeld 2001).

An additional stage, the reporting stage, is appended to this cycle. It involves reporting to various stakeholders on the company's performance as it is measured in the checking stage. The reporting stage also provides a channel for stakeholders to comment on the company's management cycle and its performance goals. By going through the reporting

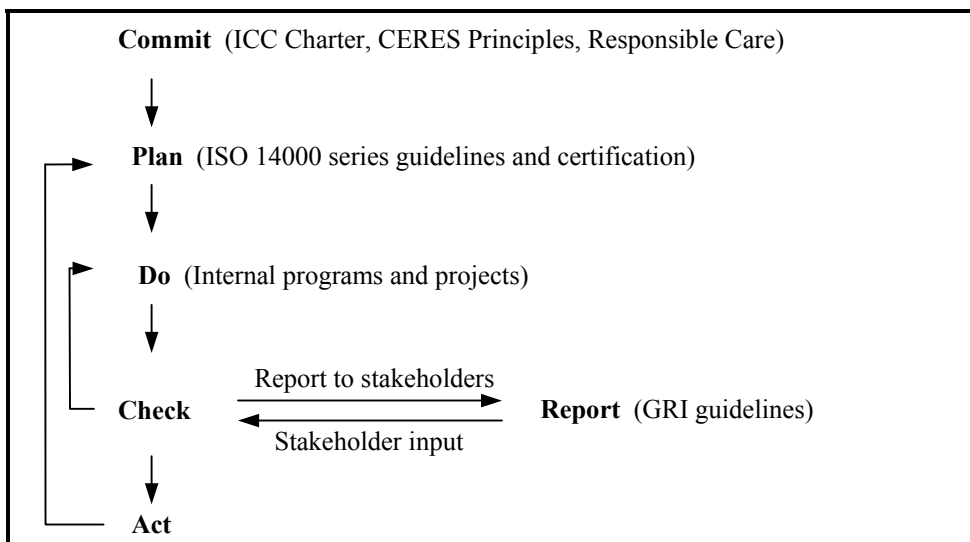
stage the company can respond to various social concerns that could help to shape the company's internal management system and its performance goals.

Voluntary initiatives can provide guidance to several of these stages. They can provide a series of principles to which companies can commit themselves – publicly or not. Three of the most commonly mentioned public voluntary commitments are the ICC Business Charter for Sustainable Development, the CERES Principles, and Responsible Care.

Other voluntary initiatives, such as the ISO 14000 series guidelines, can provide guidance on the planning stage. The company may seek certification to management system standards such as the ISO 14001 (Cascio 1996; Roberts and Roberts 1998; Schoffman and Tordini 2000).

The reporting stage can also be guided by initiatives that instruct companies on how to prepare informative reports. The Global Reporting Initiative is a voluntary initiative completely dedicated to this task (GRI 2000).

FIGURE 2.1 – Management cycle



Types of voluntary initiatives

A major problem in the field of voluntary initiatives is the lack of precise terminology. Terms such as environmental management systems, negotiated agreements, and others are often mentioned in the literature but they do not carry any formal definition. Authors often have to provide definitions in each paper published.

This work endorses a classification system proposed by Bruce Paton (Paton 2000). Paton suggests that voluntary initiatives may be classified as unilateral initiatives, private codes, voluntary challenges, or negotiated agreements.

Unilateral initiatives are set out by companies themselves. Several companies have implemented their own initiatives, one of the earliest being the 3M's Pollution Prevention Pays (3P), which was started in 1975.

Private codes are promoted by industry associations (e.g., ICC Charter, Responsible Care), non-governmental organizations (e.g., CERES principles, GRI), and standards organizations (e.g., ISO 14000).

Voluntary initiatives are government programs that encourage companies to improve environmental performance. These programs may provide public recognition for their efforts. In the United States, where these programs appear to be more common, some of the most well known programs are the 33/50 program, through which companies committed to reduce substantially emissions of specified pollutants (USEPA 1999); the Energy Star program, a complex program that encourages energy efficiency in a variety of activities and involves product benchmarking and labeling (Energy Star website,

accessed 15 October 2001); and the National Performance Track program, an umbrella for all EPA-sponsored voluntary initiatives that was created in an attempt to encourage and facilitate the participation of companies in these initiatives (USEPA 2000; Coglianesse and Nash 2001).

Negotiated agreements are contracts reached between government and industry. These initiatives may also be seen as regulatory measures developed by government in collaboration with business groups; however, they may not affect all relevant parties. Negotiated agreements have been more studied in Europe than in the United States (EEA 1997; Pesaro 1999).

TABLE 2.1 – Types of voluntary initiatives

Voluntary Initiatives	Sponsors	Examples
Unilateral initiatives	Single firms	3M's Pollution Prevention Pays (3P) Dow's Waste Reduction Always Pays (WRAP)
Private codes	Industry associations, non-government organizations, and standards organizations	ICC Business Charter for Sustainable Development Responsible Care CERES Principles Global Reporting Initiative ISO 14000 series
Voluntary challenges	Governments	United States federal programs 33/50, Energy Star, and Performance Track; and state programs such as New Jersey's Silver and Gold Track, and Oregon's Green Permits. European Union EMAS
Negotiated agreements	Governments and industry	Several agreements mostly in European countries

Source: (Paton 2000)

In this chapter unilateral initiatives will not be discussed. There are several sources of information on unilateral initiatives on to which the reader can turn (Schmidheiny 1992; DeSimone and Popoff 1997; Elkington 1998).

Negotiated agreements

Negotiated agreements have been widely used as policy tools in European Union member countries as a complement to traditional command-and-control regulations.¹² Negotiated agreements require regulators and regulated entities to find solutions to environmental threats through consensus-building and participatory processes. It should be expected, then, that negotiated agreements work best when there is already good dialogue between the two groups and when there are a small number of well-organized partners.

Lack of transparency in the negotiations and the absence of requirements for monitoring and reporting in several agreements have raised concerns with respect to the effectiveness of various environmental agreements. Also, because of the voluntary nature of these agreements, there is concern with respect to the performance of non-participants and the existence of free riders (EEA 1997).

Examples of voluntary challenges

National Environmental Performance Track

The United States Environmental Protection Agency (USEPA) launched in 2000 its voluntary program National Environmental Performance Track. The program is not intended for entire companies but instead it targets individual facilities. Facilities may be “of all types, sizes, and complexity, public or private, manufacturing or service-oriented” (USEPA website, accessed 15 October 2001). To this date, there are 251 facilities from across the United States participating in this program. (Reinhardt 2000)

¹² The term command-and-control is often used to refer to regulations that do not provide flexibility to companies in solving their environmental impacts Reinhardt, F. 2000. Bringing the Environment Down to Earth. In *Harvard Business Review on Business and the Environment*, (ed.). Boston: Harvard Business School Press.

Performance Track participants are required to have environmental management systems (EMS) in place; sustained compliance history; commitment to continuous environmental improvement; and community outreach. Participants' benefits include – but are not restricted to – public recognition; the right to use the Performance Track logo; information exchange between peer participants; to-be-developed Internet resources exclusive to the program participants; low inspection priority; and reduced reporting requirements.

The program is planned to have two tiers, the Achievement Track, for beginners, and the Stewardship Track, for advanced participants that demonstrate solid results over time. The Stewardship Track level is still being designed although it was planned to be released in Summer 2001 (USEPA website, accessed 15 October 2001).

Performance Track also serves as an umbrella program for all USEPA's voluntary initiatives. Performance Track participants may join the voluntary initiatives most relevant to their operations and use them as mechanisms through which Performance Track requirements are achieved.

It is still very early to measure any results from this program. Nonetheless, it should be watched very closely because by reducing reporting requirements there is a risk that important public information will be lost.

Eco-Management Audit Scheme (EMAS)

The European Commission's Eco-Management Audit Scheme (EMAS) is a program that calls on companies to establish and implement effective environmental management systems. EMAS was first published as a draft in 1992 and in 1995 it was made into a

European Union (EU) regulation. It does not replace current national legislation nor does it remove a participant's responsibility to fulfill its legal obligations. Instead, it requires EU member countries to set up supporting administrative structures for the scheme. Any organization with an environmental impact may participate in it on a voluntary basis (Roberts and Roberts 1998; European Commission website).

Different from the US Performance Track program, EMAS participants do not benefit from reduction of regulatory requirements. Instead, EMAS may replace the introduction of more stringent legislation. EMAS is seen as program that enhances the management systems and improves public image of its participants.

EMAS has been reviewed over the years. Initially it was opened only for industrial facilities but now it is available for any organization with environmental impacts – from all sectors and of all sizes – with operations within the European Union. In early 2001, it was decided to make the international ISO 14001 standard¹³ the EMAS standard for environmental management systems. Certification to ISO 140001, however, is not sufficient for approval under EMAS. EMAS also requires the publication of environmental statements (or environmental reports). Guidelines on what these statements should contain are provided and statements should be certified by accredited third-party (European Commission website, accessed 15 October 2001).

Examples of private codes

ISO 14000 standards series

¹³ More on ISO 14001 will be said in this chapter.

ISO 14000 refers to a series of voluntary international standards for environmental management systems (EMS) developed by the International Organization for Standardization (ISO).¹⁴ ISO is a non-governmental organization created in 1947. Currently, its associates include national standards institutions from about 140 countries, one from each country. ISO develops voluntary technical standards by putting together experts on loan from the industrial, technical and business sectors which have asked for the standards and which will eventually implement them.

The ISO 14000 standards series was based on the British Standards Institution's BS7750 standards and the European Union's EMAS. In contrast to BS 7750 and EMAS, however, the ISO 14000 series is intended to be an internationally recognized EMS standard.

The first of these standards, the ISO 14001, was published in June 1996 – after almost 5 years of work. The ISO 14000 series also provide guidelines for environmental auditing (ISO 14010s), labels and declarations (ISO 14020s), performance evaluation (ISO 14030s), life cycle assessment (ISO 14040s), vocabulary (ISO 14050s), assistance for forestry organizations (ISO 14060s), and products standards (ISO Guide 64) (ISO brochure). Companies can obtain certification to the ISO 14001 standard – an EMS certification that assures that the company has establish goals, policies and accountability systems.

¹⁴ The American National Standards Institute (ANSI) is the official U.S. representative to the ISO. The Brazilian official representative to the ISO is the Associação Brasileira de Normas Técnicas (ABNT). ISO website, <http://www.iso.ch/>

The ISO 14001 certification indicates that the company has established a system for identifying environmental impacts and that there is a system in place to provide an appropriate response to these impacts. A certified company, however, is not required to provide public reports on its performance with respect to the environment.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a joint initiative of the United Nations Environment Program (UNEP) and the Coalition for Environmentally Responsible Economics (CERES) – a coalition of U.S. environmental, investor, and advocacy groups. GRI was established in 1997. The GRI Sustainability Reporting Guidelines were first released as a draft in 1999 – a revised version came out in June 2000.

GRI intends to standardize and encourage the practice of sustainability reporting in businesses, governments and other organizations. GRI also plans to develop sector specific indicators for sustainability measurements and it expects to make sustainability-reporting practices as frequent and credible as current financial reporting practices.

The GRI Guidelines are an ongoing effort. There is still a lot of work to be done – the current GRI guidelines are mostly focused on businesses and they do not provide sector specific indicators. To this date, twenty-one companies have tested the guidelines. These companies and various other companies and interested groups also provided comments on the guidelines(GRI website, accessed 15 October 2001).

Standardized reporting allows companies to measure its performance against standards and against other companies' performance. Reports also permit third parties to monitor a company's commitment to voluntary initiatives (Birchard 2000).

Responsible Care

The chemical industry's Responsible Care program was the first industry-wide business environmental voluntary initiative with a global scope. The Canadian Chemical Producers Association (CCPA) created this program in 1985, in the aftermath of the traumatic 1984 Union Carbide accident in Bhopal, India. The program, a “global effort aimed at addressing public concerns about the manufacture, distribution, use and disposal of chemicals” (CCPA website, accessed 15 October 2001), established general codes of conduct for chemical companies and these were made eventually into an obligation for CCPA membership.

The program was modified and adopted in the following years by several chemical associations in more than 40 countries worldwide, with some modifications in each country. In the U.S., the American Chemistry Council (ACC), then known as Chemical Manufacturers Association, launched its own Responsible Care in 1988 – making it public only in 1990 – and also made it an obligation for ACC membership. The Brazilian Chemical Industry Association (ABIQUM), on the other hand, launched its Responsible Care program in 1992 as a voluntary program and only in 1998 it became an obligation for ABIQUIM membership (ABIQUM website, accessed 15 October 2001).

Although there are variations of the program from country to country, the Responsible Care program always requires companies to act proactively and encourages them to adopt standards above and beyond legal compliance. Monitoring and reporting of performance is done by companies themselves and may differ dramatically from country to country. On the other hand, Responsible Care does not require third party certification.

In some countries Responsible Care is widely studied and documented while in others the program is hardly looked at.

CERES Principles

The Coalition for Environmentally Responsible Economics (CERES) developed the CERES Principles (Appendix B) in 1989 in the aftermath of the Exxon Valdez accident in the coast of Alaska. These principles are a 10-point code for environmentally responsible conduct to which companies can voluntarily commit.

More than 50 companies, mostly U.S.-based, have publicly endorsed the CERES Principles; including large multinationals (e.g., American Airlines, Ford, Nike, and Polaroid) and small and medium-size companies (e.g., Interface and Timberland).

The CERES Principles ask companies to provide public reports periodically. The CERES Principles also specify that the “CERES” reports should be produced annually and that, by endorsing the CERES Principles, companies also “pledge to go voluntarily beyond the requirements of the law”. (Appendix B)

CERES also monitors the endorsers and provides information about their performance in its website (CERES website).

The Business Charter for Sustainable Development is another voluntary initiative proposed by a business organization, the International Chamber of Commerce. The following Chapter will discuss this initiative in much greater detail, as it is the major focus of this work.

Chapter 3. Business Charter for Sustainable Development

The Business Charter for Sustainable Development was prepared in 1990 by the International Chamber of Commerce Working Party for Sustainable Development, which was then chaired by Peter Scupholme (BP) and vice-chaired by Ross Stevens III (Du Pont). Several other companies and business organizations contributed to the preparation of the Charter.

It was formally launched in April 1991 during the Second World Industry Conference on Environmental Management (WICEM II) in Rotterdam, Netherlands. A year later, it was further promoted to a broader audience in the United Nations Conference on the Environment and Development (UNCED) in Rio de Janeiro, Brazil.

Although the Charter refers to sustainable development, it is mostly a set of environmental management principles. The fact that the Charter does not address social aspects of sustainable development is a shortcoming that has been recognized by some and it should be overcome in the new ICC initiative to be launched in 2002, the Business Action for Sustainable Development (BASD).¹⁵

The Charter still is a very important business effort towards sustainable development practices – it was the first business environmental voluntary initiative that was addressed to businesses from every country and economic sector. Also, environmental protection undoubtedly can provide, directly and indirectly, a variety of social benefits.

¹⁵ The BASD website (<http://www.iccwbo.org/basd/>) refers to social performance as well as environmental performance. Also, WBCSD, an ICC partner in the launching of BASD, has also been referring to social performance in its publications and website (<http://www.wbcds.org/>). ICC and the WBCSD are also supporters of the United Nations Global Compact.

As a document that calls for the implementation of sound environmental management, the Charter has been highly praised by many organizations, including the United Nations Environment Program (UNEP), the World Wildlife Fund (WWF), and others (ICC brochure).

The text of the Charter

The Charter is deliberately brief consisting of an introduction and a list of 16 principles of environmental management. The introduction has gone through minor changes while the principles have remained completely intact (see Appendix A for the complete text of the Charter).

The language of the Charter, as it should be expected, is business-oriented. In the introduction of the Charter, for example, it is stated that “[e]conomic growth provides the conditions in which protection of the environment can best be achieved, and environmental protection, in balance with other human goals, is necessary to achieve growth that is sustainable.” The Charter does not seem to differentiate economic growth from economic development, a distinction that is being upheld by economists such as University of Maryland’s Herman Daly (Daly 1996a; Daly 1996b).

The Charter consists mostly of 16 principles of environmental management. It does not provide any principle on social responsibility other than environmental protection and worker safety and health; therefore, it falls short of being a charter for sustainable development.

It is not the intention of this work to evaluate in detail the text of the Charter. The complete text of the Charter is provided in Appendix A for those readers who want to do this evaluation themselves.

The Charter's first principle asks businesses to carry environmental management as one of the "highest corporate priority." For this purpose, appropriate policies, programs, and practices should be implemented to demonstrate this commitment. Another principle is more specific by asking supporters to consider "legal requirements as starting point, and to apply the same environmental criteria internationally."

Other Charter principles address issues such as employee education, products and services, contractors and suppliers, and technology transfer (see table below for a list of all principles).

Business Charter for Sustainable Development 16 Principles of Environmental Management	
1. Corporate priority	9. Research
2. Integrated management	10. Precautionary approach
3. Process of improvement	11. Contractors and suppliers
4. Employee education	12. Emergency preparedness
5. Prior assessment	13. Transfer of technology
6. Products and services	14. Contributing to the common effort
7. Customer advice	15. Openness to concerns
8. Facilities and operations	16. Compliance and reporting

The Charter also asks for supporting companies "to provide [periodically] appropriate information to the Board of Directors, shareholders, employees, the authorities and the public." This has been one of the principles mostly praised by environmental organizations.

Finally, the Charter's introduction asks those that have formally supported the Charter principles "to express publicly their support for them."

The meaning of formally supporting the Charter

According to the ICC website "the Charter was created as a tool to help companies tackle the challenges and opportunities of the environmental issues that emerged in the 1980s and early 1990s" (ICC website, accessed 15 October 2001). The Charter is a voluntary initiative that calls for continuous improvement. It is expected to provide some guidance for companies to implement their environmental policies and programs and to promote a "ripple effect" through business partners.

The Charter does not provide any detail on how the principles should be implemented and ICC is not planning on providing them. It is left for the committed company to implement according to its own discretion. For example, the Charter does not recommend how often a company should publish information on environmental performance or what should be included in these reports. No standards were set.

Supporters, on the other hand, can find further guidance in the work of organizations such as the International Organization for Standardization (ISO), which developed the ISO 14000 standard series for environmental management systems; the Global Reporting Initiative (GRI), which has developed guidelines for sustainability reporting; and the World Business Council for Sustainable Development (WBCSD), the successor of BCSD and WICE.

The International Chamber of Commerce does not consider the Charter a prescriptive measure, saying that it is “truly a voluntary initiative” (ICC website, accessed 15 October 2001). ICC does not intend to enforce any of the Charter principles in any point in time.

This leaves the ICC with very little to do other than to collect the names of companies that formally support the Charter. The list of Charter supporters is available in print form by request and, to this date, it is not yet available online.

In 1994, ICC started publishing a bulletin of the Business Charter for Sustainable Development entitled *Charter*, which was distributed to Charter supporters. ICC intended to publish the *Charter* quarterly, however, it published only two to three editions of the bulletin each year until 1997, when the publication was interrupted.

The last edition of *Charter* was a Earth Summit (UNCED) fifth anniversary special edition. It included 19 case studies on business environmental activities since the launch of the Charter – seven of which were from Canada alone – and it also provided a summary of the results from a survey of 1000 Charter supporters. This survey has been the only assessment of the implementation of the Charter principles by the Charter supporters.

The absence of any requirements for and evaluation of environmental performance of Charter supporters leaves the Charter an easy target for criticism; and ICC has little to say to protect itself from this criticism.

Previous assessments of the Charter

ICC carried out a survey of 1000 Charter supporters in April 1996. A summary of the survey results was published in the April 1997 edition of the ICC newsletter *Charter*. The survey asked the companies about their environmental policies, EMSs, environmental indicators, environmental reporting methods, and other aspects of their environmental activities. Most of the survey respondents were from mining, petrochemical, chemical, pharmaceutical, forestry, and heavy machinery tools industries.

Of the total 253 respondents, 91% said they had an environmental policy, 89% had set environmental indicators, and 70% had an EMS in place. Also, 25% of the respondents used the Charter directly to develop their environmental policies. Some 70% used the Charter indirectly to help in the development and to review their environmental policies.

The ICC newsletter does not say whether the survey evaluated the quality of the policies, EMSs and indicators. Neither does it provide information on the survey results regarding reporting performance (ICC 1997). This author was also unable to locate the complete survey.

To this date this author has been unable to locate any other assessment of the environmental performance of the Charter supporters. This leaves very little information on how effective this voluntary initiative truly is.

The number of Charter supporters

In the year the Charter was launched, some 200 companies formally supported it. From 1991 to 1995 the number of Charter supporters increased quite steadily. In the end of

1995 a large increase in this number was possible because numerous Malaysian companies provided their support that year.

In 1993, Juhani Santaholma, the Vice-Chairman of ICC Energy Commission, said ICC “should aim at reaching the 4000 mark by 1995” (ICC 1994). This mark was never reached. Since 1996 the number of supporters has remained almost the same. Indeed, as it will be discussed in Chapter 5, the list of Charter supporters has remained unchanged since October 1997. Today, ICC claims that there are more than 2,300 Charter supporters.¹⁶

Table 3.1 summarizes the growth in the number of Charter supporters from its launching in 1990 until to this date.

TABLE 3.1 – Development of the list of Charter supporters

Period	Number of entries	Events
1991	150-200 ¹	ICC launches The Charter during the Second Industry World Conference on Environmental Management (April 10 th)
1992	700-1,000 ²	ICC announces The Charter during the UNCED in Rio de Janeiro, Brazil (June)
1993/ 1994	1150-1,200 ³	All current 40 Russian supporters (all chambers of commerce) endorsed the Charter in 1993. These were the first ICC Russian members ever – the ICC was founded in 1919, two years after the Soviet revolution. ⁶
1995/ 1996	2,000+ ⁴	The entering of most of the Malaysian supporters currently on the list (749 entries, including repetitions) was possibly the cause of the sharp increase in the number of supporters in 1995. In October 1993 there were less than 200 companies from developing countries in Asia and Africa. ³
1997/ 2001	2,273 ⁵	April 10 th 2001 - Charter's 10-year anniversary

1. (Cater 1991; 1991)

2. (1992a; 1992b; Gerstenfeld 1992)

3. (ICC 1994; ICC 1995; ICC 1997)

4. (Wyburd 1996)

5. From list of signatory companies provided by ICC (including all repetitions).

6. (ICC 1997)

Currently, little is known about the Charter supporters. An analysis of the current list of Charter supports is available in Chapter 5.

¹⁶ This claim will be challenged in Chapter 5.

Chapter 4. Methods

This work attempts to analyze the ICC Business Charter for Sustainable Development in three ways:

1. By analyzing a list of supporters of the Business Charter for Sustainable Development provided by ICC in mid-2000. This is particularly important due to the fact that very little is known about the content of the list of Charter supporters.
2. By analyzing the environmental content of websites and reports of 800 supporters randomly selected from the list mentioned above. This analysis will bring more understanding of how many of the Charter supporters have implemented the Charter principles.
3. By analyzing the environmental content of websites and reports from all Charter supporters from Brazil. This analysis will bring more understanding of how developing countries are implementing voluntary initiatives such as the Charter.

Analyzing the list of Charter supporters

A print-version of the list of Charter supporters was received by mail from ICC in mid-2000. The list provides only the name of the Charter supporters and their countries of origin.

This list was carefully copied into an Excel spreadsheet in order to facilitate future work. During this process a number of repeated entries were identified but they were copied

into this first spreadsheet exactly as they appeared in the list. The total number of entries as well as the number of entries per country was then counted.

The second spreadsheet was produced and, in this one, identifiable repeated entries that occurred within each country were eliminated. Repetitions that occurred under different countries, such as various subsidiaries of a single multinational, were maintained in the list, but once identified they were highlighted. The total number of entries as well as the number of entries per country was then counted again.

Only the second spreadsheet – the one without repetitions within countries – was used in the following steps of this study.

Business associations and non-business entries that were easily identifiable were counted. Business associations could be under the terms “Business Council,” “Manufacturer’s Association,” “Industry Association,” “Chamber of Commerce,” and many others – including terms in French, Portuguese, Spanish and other languages. Non-business entries included schools, non-business nongovernmental organizations, governmental agencies, communities, and others.

The results of this analysis are presented in Chapter 5.

Analyzing a random sample of Charter supporters

A random sample of 800 entries was produced using the Excel random number generation tool. Websites for these entries were searched for using the Internet search engine Google[®].¹⁷

During this search 32 more repetitions were identified. This reduced the random sample to 768 independent entries. These repetitions were not initially identified because a single signatory may appear in the list under different names (e.g., a Swiss chamber of commerce appears both as *Chambre Vaudoise du Commerce et de L'Industrie* and as *Chamber of Commerce and Industry of Vaud*) or two different companies could have merged and now they have a single website for the two previous companies (e.g., two Charter supporters, the Dutch company Koninklijke Hoogovens N.V. and British Steel plc, merged in 1999 to form Corus, which is not a Charter supporter).

The random sample was then analyzed with respect to the distribution of countries from developing countries and developed countries to assure that it was representative of the original list.

All websites available were then identified. Corporate websites were accepted only for supporters that were listed under the country that hosts its headquarters. Therefore, some supporters were considered not to have a website even though its mother company does have one. For example, ICI Brasil was considered to not have a website although its UK-based parent company does have a website.

¹⁷ A variety of search engines (Yahoo[®], Altavista[®], Excite[®], Lycos[®], and others) were used initially but Google[®] was eventually the only search engine used because Google[®] always provided much better search results.

The Charter supporters that carried a website were classified into 6 groups:

Manufacturers	Manufacturer or energy companies
Services providers	Hotel, retailer, airline, etc.
Financial institutions	Financial and insurance companies
Consulting firms	Consulting firms
Business associations	Chambers of commerce, industry federations, business associations, etc.
Non-businesses	Schools, communities, government agencies, non-business nongovernmental organizations, etc.

The few websites that were in none of the languages understood by this author¹⁸ were classified as *language barrier*.

The remaining websites were then investigated by browsing through them and, if necessary, by using the Google[®] toolbar's website search tool.¹⁹ All websites were searched for the words:

1. Report or, alternatively, environmental, social, citizenship, responsible care, annual, financial, and account. For websites in Portuguese and Spanish, it was also searched for the terms relatório, reporto, balanço, balance, social, and financeiro, and financiero.
2. Environment or, alternatively, ambiente, for websites in Portuguese or Spanish.

The latest reports from Charter supporters available on their websites were collected either by downloading the file or, in the case of online reports, by annotating the location within the supporters' website. Reports included environmental report, annual reports, or

¹⁸ This languages are English, Portuguese and Spanish.

¹⁹ Google[®] provides a toolbar that can be installed to the Internet Explorer browser. This toolbar carries a tool ("Search Site") that allows a search to be restricted to any specific URL.

any updated information of any kind explaining the supporters' environmental, social and/or economic (or financial) performance.²⁰

For the websites and reports from supporters classified as *consulting firms*, *business associations* and *non-businesses*, the following questions were asked:

1. **Environmental Commitment and Activities.** Does the signatory mention its environmental commitments, projects or programs? A single sentence expressing environmental commitment, such as “We promote environmental protection”, was considered an insufficient emphasis on environmental issues.
2. **ICC Charter.** Does the signatory mention its commitment to the ICC Business Charter for Sustainable Development?²¹
3. **ISO 14000.** Does the signatory discuss the ISO 14000 standard series?²²

The reason for separating consulting firms, business associations, and non-businesses from the other groups is that these groups appear not be expected to assess their own environmental performance. As it has been observed in this work, these groups rarely produce any environment-related report. This concession may not be well justified. These groups are central in guiding manufacturers, service providers and financial institutions to address their environmental performance. Nonetheless they were analyzed separately in order to avoid watering down the results from the other three groups.

²⁰ Online annual financial highlights were considered reports. Quarter highlight and press releases were not considered reports. Non-environmental reports were searched for the term environment (or ambiente for websites in Portuguese or Spanish).

²¹ Websites and reports were searched for the terms ICC, Chamber, Charter and Sustainable. Websites and reports in Portuguese were also searched for the terms Câmara, Carta, Empresarial, Desenvolvimento, and Sustentável.

²² Websites and reports were searched for the terms ISO, 14000, and 14001.

For the websites and reports from Charter supporters classified as *manufacturers*, *service providers* and *financial institutions*, the following questions were asked:

1. **Environmental Commitment.** Does the signatory mention its environmental commitments? Again, a single sentence expressing environmental commitment, such as “We promote environmental protection”, was considered insufficient.
2. **Environmental Activities.** Does the signatory provide any information that indicates implementation of environmental activities, such as environmental expenditures, environmental projects and environmental programs?
3. **Environmental Report.** Does the signatory carry an environmental report or some report that provides information on its environmental activities? Is the report available for download or is it available only online? Reports available in print form only were not looked at. There is good evidence that most companies that do report and have a website make their reports available online.
4. **Environmental Indicators.** Does the signatory provide at least two environmental performance indicators in its report? Indicators could include energy and water consumption, waste generated, raw materials used and any kind of emissions from signatory’s operations. For financial firms, financial indicators of environmental performance were also taken into account.
5. **ICC Charter.** Does the signatory mention its commitment to the ICC Business Charter for Sustainable Development?

6. **ISO 14000.** Has the signatory implemented the ISO 14000 standard series in any of its facilities or is it planning to do so?

The reason for asking about whether Charter supporters refer to the ISO 14000 series in their websites or reports is that the Business Charter for Sustainable Development has been added to the ISO 14004 guidelines as an appendix. It could be argued that by mentioning the ISO 14000 series a supporter is indirectly referring to the Charter as well. Alternatively, by comparing how often supporters mention the ISO 14000 and the Charter, one can determine what is most valued by Charter supporters, whether it is the Charter commitment or the ISO 14000 certification.

The results of this analysis are presented in Chapter 6.

Analyzing all Charter supporters from Brazil

All Charter supporters from Brazil were analyzed. Websites and reports were searched for using the same resources mentioned above.

In addition, a survey was prepared in May 2001 and sent to all 32 Brazilian supporters that provided an email address through their website. If more than one email address was available, emails from the Public Relations departments were chosen for contact. A few companies provided email addresses for their environmental division and, in this case, these were used instead. Some companies replied to the initial email indicating that the message should be forwarded to another person or department. The message was then resent to the appropriate destination.

The survey was written in Portuguese and it was divided into six sections (a copy of the survey is available in Appendix E).

1. **Policy.** Does the signatory have environmental, social, and economic policies; are these made public; and by what means are they publicized (internet, publication, etc.)?
2. **Reports.** Does the signatory have environmental, social and economic reports; are these reports published as a single report or are they published separately; and how someone can obtain these reports (internet, publication, etc.)?
3. **Certifications.** Has the signatory been certified to ISO 9000 (quality management), ISO 14000 (environmental quality), AA8000 (social responsibility) or any other internationally recognized standard?
4. **Staff.** Does the company have any staff or department dedicated to environmental issues? Does the company have any staff or department dedicated to social issues?
5. **Company data.** Number of employees; annual revenue; economic sector; whether it is a multinational; whether the majority of its capital is national or foreign; whether the company is public, private or state-owned.
6. **Additional Information.** The last section of the survey was left open for Charter supporters to write anything they would like to add to the survey.

The survey results were compared to the information contained in websites and reports available online.

The available reports were also benchmarked to the Global Reporting Initiative (GRI) guidelines for sustainability reporting. The Charter itself does not provide any guideline on how reports should appear, how frequent they should come out, or what indicators should be provided.

Nonetheless, there is enough agreement today on what consists a good array of environmental performance indicators. In fact, there is a greater consensus about what are appropriate environmental indicators than what are appropriate social or economic indicators (GRI 2000). For this reason, it is reasonable to expect that progressive companies – and Charter supporters should be considered progressive companies – are currently providing reports that follow the GRI guidelines to a considerable extent.

The basic structure of the GRI reports (GRI 2000) consists of (1) CEO statement, (2) Profile of reporting organization, (3) Executive summary and key indicators, (4) Vision and Strategy, (5) Policies, organization, and management systems, and (6) Performance.

GRI has provided some guidance on the content of each of these six sections. In this analysis the reports were not required to contain all recommended information in each of these sections. The report neither had to follow the structural order recommended by GRI.

The Performance section is further divided into four subsections: (a) Environmental, (b) Economic, (c) Social and (d) Integrated performance.

Integrated performance is referred to indicators that either link a company's performance to its macro-context (e.g., "ratio of actual to sustainable resource use based on a measure

of biophysical limits”) or that bridges one or more of the three elements of sustainability – environmental, social and economic – of the company’s performance (e.g., “effects of production emissions/ discharges on human health” and “material intensity for unit of service for selected products and services”).

In this analysis reports were also evaluated in terms of the presence of the environmental performance indicators suggested by GRI. Only the indicators considered “generally applicable” were included. These are: (i) total energy used²³, (ii) total materials used, (iii) total water used,²³ (iv) greenhouse gas emissions, (v) ozone-depleting substance emissions, (vi) total waste, (vii) performance of suppliers, and (viii) major environmental issues and impacts associated with the use of principal products and services.

The results of this analysis are presented in Chapter 7.

²³ GRI asks for “total” use of energy, water, materials, and emissions. Most reports do not provide this information in a straightforward manner. The reader has to multiply total production by the indicators energy used per unit of production, water used per unit of production and so forth. All reporters that provided the indicator as a ratio also provided the total production volume in some of their reports made available online. It was considered as if the reporter had provided the indicator recommended by GRI as well as an integrated performance indicator.

Chapter 5. Charter Supporters

Today, International Chamber of Commerce (ICC) claims that “more than 2,300 companies formally support the Charter” (ICC website, accessed 15 October 2001). In contradiction to this claim, the list provided by ICC in mid-2000 contained 2,273 entries and, as it will be shown in this chapter, the list contains several repetitions. Also, as it will also be shown, not every supporter is a company. Charter supporters also include a good number of business associations and some governmental and non-governmental organizations.

ICC makes the list of the Charter supporters available to anyone interested in it and, so far, it is not available online, although ICC claims it will be online soon (ICC website, accessed 15 October 2001). The list used for this work was received by regular mail in mid-2000 and it came from the ICC International Office in Paris, France.

The list received is dated 2 October 1997 and has 2,273 entries from 58 countries. The list provides only the name of the Charter supporters and their country of origin. This made it very difficult to find the appropriate contact information for most listed companies. The Internet was the main tool used to find this information. In general, information from companies in developed countries seems easier to find on the Internet than information from companies in developing countries. The public information provided by Charter supporters will be further discussed in the next two chapters.

In this chapter only the content of the list provided by ICC will be discussed.

Repetitions

In 1996, a former head of the British affiliate of the ICC assured that companies would not appear more than once in the list of Charter supporters. “A rule was made that no company should appear twice, with the result that even the largest companies only appeared once (Shell could have had about 500 entries); conversely, a one-person consultancy counted as one” (Wyburd 1996).

The list provided by ICC does not seem to have followed this rule.

Several companies are listed more than once under the same country. Under Malaysia, for example, regional operations of a single company signed the Charter separately. The Malaysian subsidiary of KPMG Peat Marwick is listed eight times under Malaysia as shown below:

KPMG Peat Marwick- Tawau, Sabah	KPMG Peat Marwick, Perak
KPMG Peat Marwick, Johor	KPMG Peat Marwick, Sabah
KPMG Peat Marwick, KL	KPMG Peat Marwick, Sarawak
KPMG Peat Marwick, Penang	KPMG Peat Marwick-Sandakan, Sabah

Companies have also signed more than once under the same country by signing each of its divisions separately. Under Denmark, for example, NKT is listed twelve times as shown below.

NKT Cables A/S	NKT Elektronik A/S	NKT Projekt Center A/S
NKT Data A/S	NKT Holding A/S	NKT Research Center A/S
NKT Dedicom A/S	NKT International A/S	NKT Telecab A/S
NKT Ejendomsservice A/S	NKT Metalgaarten A/S	NKT Tradvaerket A/S

The fact that NKT Holding A/S is listed should rule out the need for NKT companies to be listed as well.

A few companies are listed more than once because of spelling mistakes, such as Komatsu, which is listed under Japan twice as follows:

It was possible to identify a total of 182 repetitions within countries (8% of the total list). More repetitions are likely to occur in case supporters sign to the Charter under different names. Under Switzerland, for example, it was found while looking for supporters' websites that a chamber of commerce appeared twice under its English and French names (*Chamber of Commerce and Industry of Vaud* and *Chambre Vaudoise du Commerce et de L'Industrie*). Tables and graphs presented in this thesis do not include these repetitions unless otherwise noted.

TABLE 5.1 – Identified repetitions within each country

Country	Identified repetitions within each country
Malaysia	141
Denmark	14
Brazil	9
Japan	5
Sweden	3
Finland / Germany / Portugal	2
Canada / Mexico / Slovenia/ Netherlands	1
TOTAL	182

In addition to repetitions within a country, multinational companies may be listed under more than one country (e.g., Shell is listed under 8 countries; Xerox under 7; and ABB and Dow under 6). This can be explained by the fact that the International Chamber of Commerce did its outreach through its National Committees, which probably did not interact with each other. Nonetheless, the ICC International Office could easily identify these repetitions and remove the repetitions if they were considered a problem.

The Charter asks companies “to apply the same environmental criteria internationally.”

With this statement in mind, one could argue that there is no need for multinational subsidiaries to sign the Charter once the parent company has signed it. However, this does not seem to occur. One may find even less necessary that different plants or divisions of a single company sign the Charter once the parent company has signed it already. ICC does not seem to have any rule on who can or cannot sign the Charter.

Companies may have very different names in each country; for example, Shell Iceland is listed as Skeljungur HF. For this reason, many repetitions of this kind were very likely not identified by this author. Tables and graphs in the remainder of this thesis do include identified repetitions across countries.

TABLE 5.2 – Identified repetitions across countries

Company	Identified repetitions across countries
Shell	7
Xerox	6
ABB / Dow / Unilever	5
Du Pont / Nestlé	4
BASF / Bayer / Ciba-Geigy / Ford / Goodyear / ICI / Philips / P&G / Waste Management	3
Ajinomoto / Alcatel / Benz / Gustaf Kähr / Hoechst / KPMG / Pfizer / Sandoz / Siemens	2
Other 39 companies	1
TOTAL	120

If all these identified repetitions within and across countries were removed from the list, the Charter would have no more than 1,971 supporters, therefore, invalidating the ICC claim on its website that “more than 2,300 companies formally support the Charter” (ICC website, accessed 15 October 2001).

It is also important to keep in mind that it is very likely that there are more repetitions within these remaining 1,971 entries.

Furthermore, not all remaining entries are companies. These entries include business associations, whose member companies are not necessarily committed to the Charter, and other non-business organizations.

Non-company Charter supporters

The ICC Business Charter for Sustainable Development encourages “companies and others to express their support and implement the Charter and its principles” (ICC website, accessed 15 October 2001). This explains why not only companies, but also a few universities, government agencies, and non-governmental organizations, and quite a few business associations are in the list.

It was possible to identify 199 business associations (chambers of commerce, business councils, industry federations, and others) and other 13 non-business institutions (schools, government agencies, environmental groups, and others). This invalidates further the ICC claim that “more than 2,300 companies formally support the Charter.” By removing repetitions the number of entries in the list is no greater than 1,971. By removing non-company supporters the number of companies in the list is further reduced to no more than 1,759.

The list of supporters provided by the ICC has two columns, “Company Name” and “Country”. Should a non-company supporter be listed there? Perhaps companies should

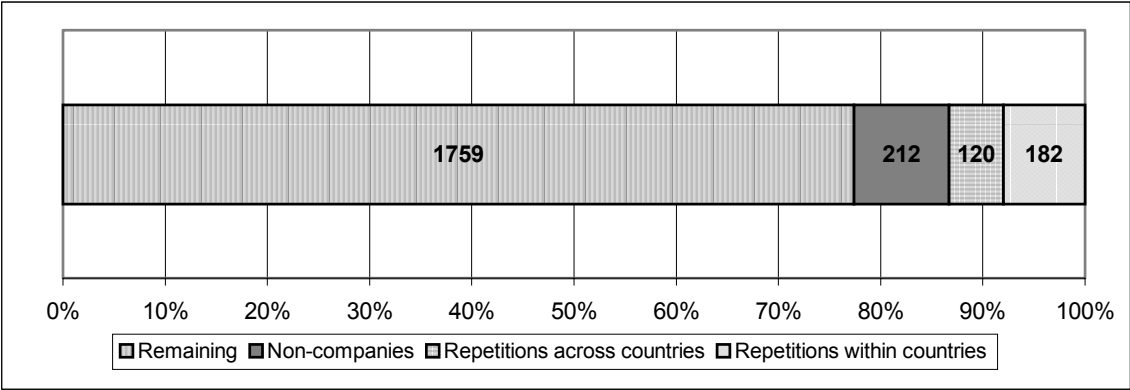
be listed separately from other institutions in a similar manner that ICC does when it provides a list of its own members.²⁴

The fact that non-business groups have shown support to the Charter can be seen as positive. However, very likely, this is not what the general public would expect to see in the list of supporters of the Business Charter for Sustainable Development.

Some non-company Charter supporters
London Business School Amsterdam School of International Relations British Royal Society for the Protection of Birds U.S. Environmental Protection Agency Netherlands Christian Federation of Employees

The fact that business organizations are included in the list of supporters is more understandable. In fact, “business organizations only appear once, regardless of the fact that many of their members were not themselves direct Charter supporters, yet still committed to similar principles” (Wyburd 1996). On the other hand, if members of business organizations were really committed to similar principles, it is unclear what has kept them from signing on to the Charter.

FIGURE 5.1 – Identified repetitions and non-companies in the list of Charter supporters



²⁴ see a sample of members in ICC website (<http://www.iccwbo.org>)

Country of origin

As it was said before, a total of 58 countries are represented in the list of Charter supporters. The distribution of supporters amongst countries correlates poorly with country area, population size and GDP per capita ($r < 0.02$).

Charter supporters from the 24 countries with the largest number of companies represent more than 90% of the total list. Other nine countries are each represented by only one signatory. Charter supporters from Malaysian alone represent 29% of the total list.

TABLE 5.4 – Distribution of Charter supporters according to country of origin

Country	Number of supporters per country	Share of total list (%)	Cummulative share (%)
Malaysia	608	29	29.0
Chile, UK*, Sweden, Switzerland	91 - 120	4.5	49.6
USA, Germany, Denmark	61 - 90	11.7	61.3
Japan, Finland, Brazil, Mexico, Canada, Portugal, China**	41 - 60	14	75.3
Russia, France, Netherlands, Austria, Indonesia, Norway, Turkey, Argentina	21 - 40	14.6	89.9
Israel, Italy, Saudi Arabia, Cameroon, Ireland, South Africa, Greece, Poland, Colombia	11 - 20	6	95.9
Spain, Ecuador, Cyprus, India, Jamaica, Iceland, Singapore, Syria, Belgium, Czech Republic, South Korea, Egypt, Botswana, Jordan, Slovenia, Thailand, Dem. Rep. Of Congo***	2 - 10	3.6	99.5
Australia, Bahrain, Croatia, El Salvador, Hungary, Panama, Peru, Taiwan, Tunisia	1	0.5	100.0

* In the ICC list *Cayman Islands* is listed as a country. In this work the one signatory from Cayman Island was added to the UK supporters.

** China does not appear in the ICC list, however, *Hong Kong* and *Macao* are listed as countries. China is not in the list. In this work the supporters from Hong Kong and Macao are grouped together as Chinese supporters.

*** The Democratic Republic of Congo appears as Zaire in the ICC list.

There are more companies from Malaysia in the list than from all other developing countries combined. It is unclear why so many Malaysian companies have formally supported the Charter.

Nonetheless, the share of Charter supporters from developing countries and from developed countries is roughly the same – 51% and 46% respectively. Even if all Malaysian companies were removed from this list, the remaining list would have 30% of its entries coming from developing countries.

TABLE 5.5 - Charter supporters according to economic condition and geographical location of country of origin

Economic condition	Geographic Location	Share of total list %
Developed Countries	Western Europe	37
	USA and Canada	6
	Japan and Australia	3
Transition Economies	Russia	2
	Others	1
Developing countries	East Asia and India (Malaysia)	34 (29)
	Latin America	12
	Middle East	3
	Africa	2

Sector and size

It is difficult to find information on most Charter supporters, as will be shown in chapter 6. For this reason it is not easy to have a good idea about the distribution of supporters according to sector and size. Also, it is important to keep in mind that some companies, such as the Japanese Mitsubishi Corporation, are hard to classify under any specific sector. For many others the classification into sectors is straightforward, such as for the Brazilian Aracruz Celulose, a pulp and paper company.

Nonetheless, by looking at a few Charter supporters, it is clear that they vary widely in size and that they represent a wide range of economic sectors. Sectors represented include the ones expected to be in the list due to their high direct environmental impact such as chemicals, pharmaceuticals, energy, oil and gas, mining, pulp and paper, cement, and metallurgy. At least 135 Charter supporters represent these sectors.

Other sectors include, but are not restricted to, financial services (there are at least 60 insurance providers and banks in the list), tourism services (at least 20 hotels and resorts), retail, transport, engineering, consultancy, telecommunication, agriculture, vehicle manufacturing, and consumer products.

The size of companies also varies substantially. From the US General Motors Corporation, a Fortune 100 company with annual revenue well beyond 100 billion dollars (Fortune 2000) and operations in more than 30 countries, to Brazilian Fábrica de Rendas ARP S.A., a much smaller company that produces textiles with annual revenue of no more than 12 million dollars (Gazeta Mercantil 1999) and operations only in Brazil.

Final thoughts

The number of supporters alone should not be a measurement of the Charter success. Its success should depend on who are these supporters and what share of the global economy they represent.

Nonetheless, if the Charter actually had 2,300 companies as formal supporters, would that be a large or small number of supporters?

The Singapore Manufacturers' Association, for example, launched in 1993 an adapted version of the ICC Charter to which more than 1,000 of the country's 5,000 companies formally supported in a period of one year (The Straits Times 1994). The fact that more than 20% of Singaporean companies supported this initiative may indicate that it was indeed a success.

ICC could have gathered twice as many supporters as it has today from Singapore alone, not to say from the entire world. The ICC Charter, for being an international initiative, could have gathered support from many more companies, as there are an enormous number of potential supporters worldwide.

Chapter 6. Reporting Patterns of Charter Supporters

In order to evaluate the extent of the Charter supporters to their commitment, information was collected on the content of websites and reports of a random sample of 768 supporters.²⁵ The websites and reports available online for of all these 768 Charter supporters were searched for on the Internet.

In this random sample 44 of the 58 countries on the ICC list were represented. The proportion of supporters from developed and developing countries was approximately the same as in the original list – 53% were from developing countries, 45% from developed countries and the remaining from countries with economies in transition.

Websites from random sample

A total of 349 of these Charter supporters in the random sample had a website. The majority of these websites were in English. Some websites were available only in German (4), Danish (2), Finnish (1), Hebrew (1), Japanese (3), Dutch (1), Russian (3), Slovenian (1) and Swedish (11). These represent 8% of all websites. They were not analyzed and they were classified as *language barrier*.

From all the remaining 322 websites, 166 contained an environmental section. These sections varied dramatically in length, from a single paragraph within one of the pages of the website to long online environmental reports providing detailed information about the company's environmental performance.

²⁵ As it has been explained in a previous Chapter, the initial random sample had 800 entries. While searching for websites, 32 more repetitions were identified within the random sample reducing it to 768 entries.

The number of websites from developed countries however is considerably larger than the number of websites from developing countries – 245 and 111 websites, respectively. Only 3 websites from companies in countries with economies in transition were identified.

The unevenness in the availability of information from developing and developed countries is even greater with respect to environmental information. Only 28 of the 111 websites from developing countries provide at least one paragraph on environmental issues, while those from developed countries 138 of the 245 websites provide such information.

Also, it is important to notice that the majority of websites was from supporters classified as manufacturers – 214 websites. Another 42 websites were from service providers; 20 from financial institutions, 12 from consulting firms, 31 from business associations, and 13 from non-businesses.

TABLE 6.1 – Websites of Charter supporters according to supporter's main activity

Group of Charter supporter	Number of websites	Websites with environmental section
Manufacturers	214	124
Services providers	42	18
Financial institutions	20	5
Consulting firms	12	6
Business associations	31	6
Non-businesses	13	7
Language barrier	27	-
TOTAL	359	166

Reports from random sample

A total of 167 reports were identified.²⁶ The majority of the reports were in English.

The majority of them, or 128, expressed environmental commitment. Also, 103 reports provided some description of the supporters' environmental activities and 98 reports provided at least two environmental indicators.

The number of reports from developed countries was much larger than that from developing countries – 133 and 34, respectively. No reports came from supporters from economies in transition.

Also, the majority of the reports came from manufacturers – 129 reports or 77% of all reports. Another 23 reports came from service providers and 15 from financial institutions. No consulting firm, business association or non-business supporters presented any report, environmental or not.

TABLE 6.1 – Reports of Charter supporters according to supporter's main activity

Group of Charter supporter	Number of reports available online	Reports with environmental commitment	Reports with some description of environmental activities	Reports with at least two environmental indicators
Manufacturers	129	101	83	79
Services providers	23	19	14	12
Financial institutions	15	8	6	7
TOTAL	167	128	103	98

With respect to the date of the report, most of them were from the year 2000, that is, with evaluation of performance up to 1999. A few 2001 reports were already available. These

²⁶ Note that not all reports included environmental sections. Here we refer to any report (financial, social, and/or environmental) available online.

were mostly reports from Japanese companies. The only non-Japanese 2001 report came from a Swedish airline company.

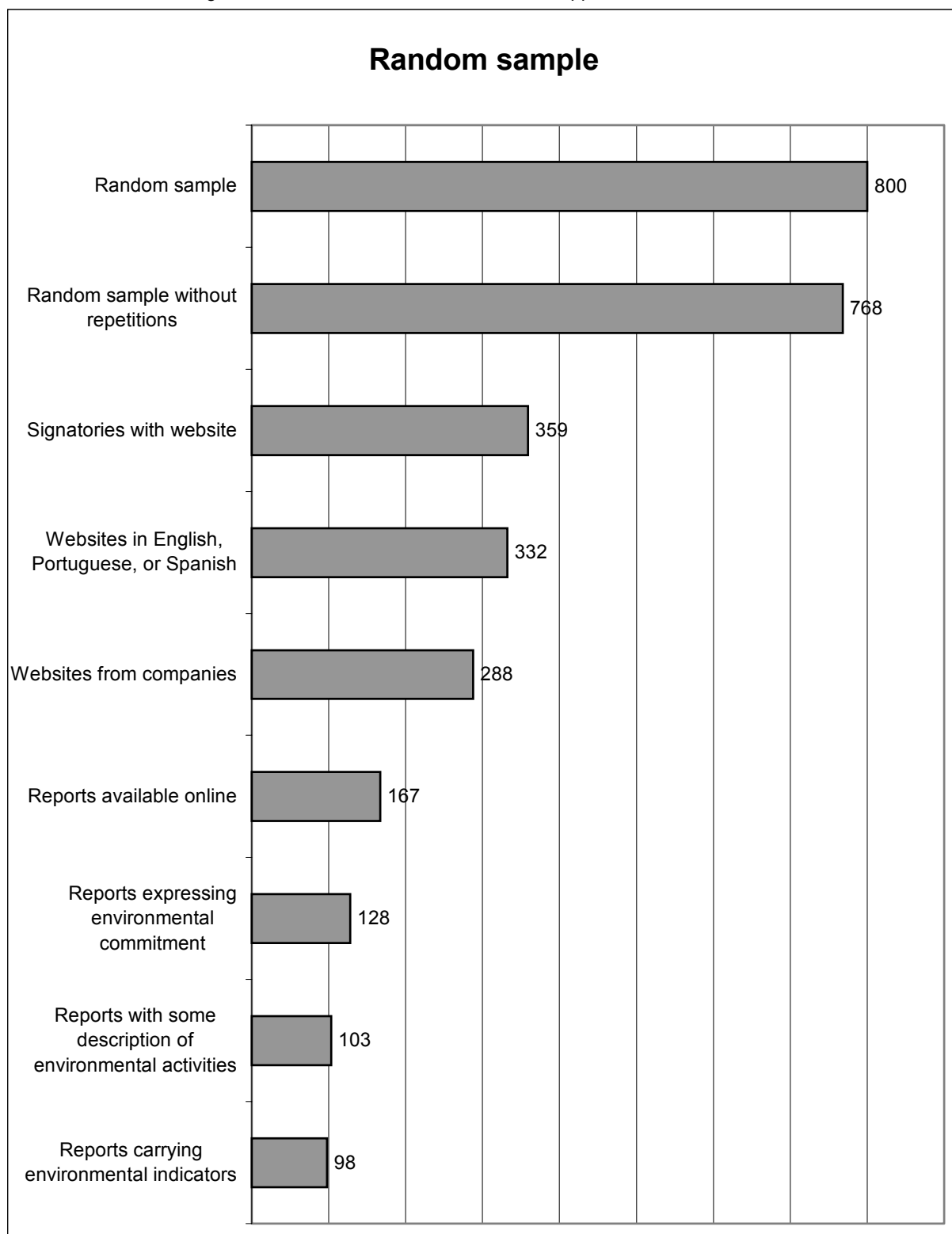
TABLE 6.2 – Distribution of reports according to year of publication

Report Year	Number of reports
1995	1
1996	0
1997	2
1998	1
1999	9
2000	141
2001	9

SOURCE: web searches conducted by the author in September/October 2001

Another interesting aspect of the reports is the titles. Regular annual reports came under a few different names, usually carrying one or more of the three terms: Annual, Financial and Account. Environmental reports came under a great variety of names. Most reports were simply called Environmental Report, however they also came as Health Safety & Environment Report, Sustainable Development Report, Social Responsibility, Sustainability, Responsible Care, Environmental and Social, and Social Balance. This last one is particularly common in Brazil and other Latin American countries (in Portuguese, *Balanço Social* or, in Spanish, *Balance Social*).

FIGURE 6.1 –
Summarizes the findings of the Internet search for ICC Charter supporters information to the environment



Chapter 7. Brazilian Supporters and their Reports

This chapter is an attempt to shed some light on the availability and quality of reports coming from developing countries. As it has been point out, there is very little empirical work done on developing countries in the context of voluntary initiatives.

It is important to remember, however, that making generalizations with respect to developing countries is much less accurate than making generalizations on developed countries. Developing countries are larger in number, they also carry the majority of the planet's population and, more importantly, they represent a group much more culturally and economically diverse than the developed countries. Therefore, Brazil is not to be taken as an average developing country, as there is no such a thing. With this in mind, this chapter proceeds.

Brazil in the context of voluntary initiatives

Virtually nothing has been written about voluntary initiatives in Brazil. Nonetheless there is a growing interest in these initiatives and some organizations in Brazil are actively promoting them. Some of the most prominent organizations include the Instituto Ethos, the Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS), and the Fundação Brasileira para o Desenvolvimento Sustentável (FBDS).

Instituto Ethos is a Brazilian institute for corporate social responsibility founded in 1998. Ethos is based in São Paulo and is partner with the UK-based AccountAbility and the US-based Business for Social Responsibility (BSR). Ethos has 475 member companies of various sectors and sizes, whose combined annual revenues are equivalent to 25% of the Brazilian GDP. Ethos calls on companies on a variety of issues, including the

environment. Recently it has publicized in Brazil the United Nations Global Compact as well as the Global Initiative Reporting guidelines. Ethos has developed its own range of sustainability indicators as well (Instituto Ethos 2000; Instituto Ethos website, accessed 15 October 2001).

CEBDS is the Brazilian representative of the World Business Council for Sustainable Development (WBCSD). It was founded in 1997 and is currently based in Rio de Janeiro. Its more than 50 members are large business groups that represent a variety of sectors. In 1999, CEBDS initiated a publication entitled *Brazil Forever*, which provides information, in Portuguese and English, on sustainable development efforts in Brazil (CEBDS website, accessed 15 October 2001).

FBDS is the oldest of the three organizations; it was founded in 1991. It is a coalition of 24 companies – including 7 from the pulp and paper sector and 3 from the metallurgy sector – and is based in Rio de Janeiro. The United Nations Development Program (UNDP) and the US Agency for International Development (USAID) selected FBDS to organize, in Brazil, a pilot group for the implementation of the Clean Development Mechanism, a mechanism developed as part of the international efforts to mitigate the climate change (FBDS website, accessed 15 October 2001).

Another interesting phenomenon in Brazil with respect to voluntary initiatives is the number of ISO 14001 certifications in the country. In 2000, there were 146 Brazilian companies ISO 14001 certified. This makes Brazil the 22nd country with the largest number of ISO 14001 certified companies (Purcell 2000). It should not be surprising,

then, that at least 18 of the Brazilian Charter supporters have already been certified or are planning to pursue certification.

The large number of recent publications on business social responsibility is also very encouraging (see for example, Exame 2001; Ashley et al. 2002). The well-known Brazilian magazine *EXAME* has recently published a special edition entitled “Guia de Boa Cidadania Corporativa” or “Guide for Good Corporate Citizenship.” This publication provides a long list of environmental and social projects from several companies operating in Brazil as well as good articles on sustainability reporting, AA8000, business social responsibility, etc.

The Brazilian Charter Supporters

Brazil is the 11th country with the largest number of Charter supporters. Among developing countries represented in the list, Brazil is third, only behind Chile and Malaysia. The original list of Charter supporters showed 54 entries under Brazil. However, as it has been highlighted, a number of these entries are in fact repetitions.

Five of the entries under Brazil were straightforward repetitions (see Appendix F for an analysis of the list of Brazilian supporters). Other repetitions were less obvious.

Companhia Siderúrgica Belgo-Mineira, a Charter supporter, has acquired another supporter, Mendes Junior Siderurgica S.A., which was considered a repetition of the former. Other two supporters – Banco de Crédito Real de Minas Gerais S.A. and Banco Boavista S.A. – have been acquired by the Brazilian bank Bradesco, a non-signatory. Bradesco was then added to the list, replacing the two mentioned supporters.

Three other supporters – RTZ Mineração LTDA, Rio Paracatu Mineração LTDA, and Rio Tinto Desenvolvimento de Minerais LTDA – are all part of Rio Tinto Brasil, the Brazilian subsidiary of the UK-based mining conglomerate Rio Tinto PLC. There is only one website and one report available online for all three companies and, for this reason, they were considered to be only one signatory. Another signatory listed under Brazil, Quimigal, is in fact a Portuguese company. Quimigal does have a partner in Brazil, Ultrafertil, but it does not operate directly there.²⁷

Therefore the total number of Brazilian supporters came down from 54 to 44.

Of the remaining 44 supporters, three – Det Danske, Dragagem Fluvial, and Usinas Péricles Nestor Locchi – do not provide any information whatsoever over the Internet. More than 65% of the remaining 41 Brazilian Charter supporters that were identified are companies from economic sectors traditionally targeted by the international environmental movement – chemicals (11 companies), pulp and paper (6), metallurgy (7), and mining (3). The list includes also a small number of financial institutions, service providers and business associations. Most identified supporters, not surprisingly, have operations primarily in the Southeast and South regions of Brazil, where the bulk of Brazilian economic activity takes place.

TABLE 7.1 – Distribution of Brazilian Charter supporters according to their main function

Entries under Brazil		Number of entries
Identified	Manufacturers	32
	Service providers	1
	Financial institutions	4
	Business associations	2
	Others	2
	SUB-TOTAL	41

²⁷ Personal communication with employee from Quimigal (Quimigal has changed its name to Adubos de Portugal, or simply ADP).

Not identified	3
Non-Brazilian	1
Repetitions	9
TOTAL	54

Of the 41 identified Brazilian Charter supporters, six – Aços Villares S.A., ICI Brasil S.A., Indústrias Villares S.A., Interchemical Brasil, Mendes Júnior Engenharia, and Refrescos Guararapes – are mentioned in the Internet but do not have their own website.

The other 35 do have a website and these were investigated following the procedures indicated in Chapter 4.

Additional observations on Brazilian Charter supporters

While searching for supporters' websites, it was found that other companies acquired several of the Brazilian Charter supporters in the past few years. Also, other supporters changed their names due to mergers or the implementation of new business strategies.

Table 7.2 summarizes these observations.

TABLE 7.2 – Acquisitions and name changes for Brazilian Charter supporters

Acquisitions	
Signatory	Acquired by
Aços Villares S.A.	Sidenor (France)
Banco América do Sul S.A.	Sudameris (France)
Banco Boavista S.A.	Bradesco (Brazil)
Banco de Crédito Real de Minas Gerais S.A.	Bradesco (Brazil)
Sistema Financeiro Banorte	Banco Bandeirantes (Brazil)
Indústrias Villares S.A.	n.a.
Name change	
Signatory	New name
Sandoz S.A. (merged with Ciba)	Novartis
Veracruz Florestal LTDA	Veracel
Petrobras Fertilizantes S.A.	Gaspetro
Companhia do Jari	Jarcel

n.a. = information not available

The fact that these changes are not reflected in the list of Charter supporters is a clear indication that the list has not been updated. Sandoz, for example, merged 1996 with another Swiss company, Ciba, to form Novartis. It is hard to justify the relevance of

signing to a Charter that has not been updated for 5 years, but ICC, through its website, continues to call for supporters.

Another interesting aspect of the Brazilian Charter supporters is their ownership. The Brazilian newspaper *Gazeta Mercantil* publishes annually the *Balanço Anual*, a Brazilian equivalent to the *Fortune 500* publication. It provides a list of the largest business groups in Brazil. The groups are divided into three categories: Brazilian private groups, foreign groups, and state-owned groups. According to the 1999 publication, eight of the 41 identified Brazilian supporters were themselves amongst the 100 largest Brazilian private groups; another 5 supporters were partially owned by at least one of these groups. One supporter is 100% owned by the second-largest state-owned group. Finally, five supporters are amongst the 63 largest foreign groups; and 2 are owned by one of these groups (*Gazeta Mercantil* 1999). This demonstrates that the majority of Brazilian Charter supporters is or is owned by companies of substantial importance for the Brazilian economy.

Eleven of the 41 Brazilian Charter supporters are multinational subsidiaries. Another 9 supporters are at least 20% owned by a foreign company. Only 7 have been identified as a 100% Brazilian enterprise. The ownership and the markets of companies are becoming more and more international. Perhaps, this indicates that there is little relevance in listing companies according to the country in which they operate.

It is also interesting that some companies in the list of Charter supporters actually own part of one another. For example, the Charter supporter Aracruz Celulose owns part of two other Charter supporters, Cenibra and Veracruz Florestal (now called Veracel).

Another supporter, Companhia Vale do Rio Doce (CVRD), also owns part of two other supporters, Usiminas and the Companhia Siderúrgica de Tubarão (CST).

Some companies that are not themselves Charter supporters may also own one or more of the supporters. Two supporters, Aracruz Celulose, which was already mentioned above, and Companhia de Navegação Norsul are both partially owned by Grupo Lorentzen, a Brazilian family-owned conglomerate that is not a Charter supporter. Also, the non-supporter US-based Praxair, owns the Brazilian supporter White Martins.

The fact that non-supporters own companies that do support the Charter can leave the uncertainty about how autonomous supporters are so as to follow their commitment.²⁸

Survey Results

A short survey was sent by email to the 35 Brazilian supporters that maintain a website. The survey asked whether the supporters have internal policies, reports, certifications, and dedicated staff with respect to environmental and social issues. The signatory was also asked about their number of employees, annual revenue, and whether they were multinationals. A copy of the survey is available in Appendix E.

Ten supporters responded to the survey – a 29% response rate. All respondents were companies from one of the four sectors: chemicals, pulp and paper, mining and metallurgy. The average number of employees for the respondents was 2,548 employees,

²⁸ For more examples, please look into the table in Appendix F.

varying from 119 to 8,381 employees. The average annual revenue was US\$408mi, ranging from US\$18mi to US\$879mi.²⁹

As one can see in table 7.3, the respondents appear to be quite advanced in their commitment to the Charter principles. Most of them provide policies and reports, have committed staff and department to environmental issues and also are ISO 14001 certified.

The survey also asked about their social activities, although the Charter does not address these. It is interesting that most companies also have policies and reports on their social performance and have staff dedicated to social issues. None have AA8000 certification, however, this standard is much less known than ISO 14001 and also social indicators tend to be more difficult to define than environmental indicators.

TABLE 7.3 – Summary of survey results

Does the supporter...		Yes	No
Internal Policy	Have internal policy?	9	1
	Include financial responsibility?	7	3
	social responsibility?	9	1
	environmental responsibility?	9	1
	Make policy public?	9	1
	Make policy available over the Internet?	8	2
Reports	Have annual report?	9	1
	Include financial performance?	9	1
	social performance?	7	3
	environmental performance?	8	2
	Publish a single report?	6	4
	Make report available over the Internet?	6	4
Certifications	Is certified to ISO 9000?	10	0
	Is certified to ISO 14000?	9	1
	Is certifies to AA8000?	0	10
	Other	3*	7
Management	Have staff dedicated to...		
	Social issues	9	1
	Environmental issues	9	1
	Have department dedicated to...		
	Social issues	5	5
	Environmental issues	8	2

* Other standards mentioned were OHSAS 18001, QS 9000, and NOSA

²⁹ Two respondents did not provide their annual revenues. Also, some respondents provided figures in Brazilian real. The conversion factor used was R\$2.73 = US\$1.00 (as of 3 October 2001).

It seems hard to draw any major conclusion from this survey since it is likely that there was considerable response bias, that is, that most of the respondents were indeed engaged in environmental activities while non-respondents were not. Also, the survey did not ask any information about the content of the policies and reports.

The survey, therefore, was complemented by a study on the availability and content of websites and online reports provide by the Brazilian Charter supporters.

All survey respondents that said they had a report available online indeed had it. Of the remaining three respondents that said that they do not have a report available online, one provides a print report, which was received by mail and it was, therefore, included in this analysis. Another said it publishes its report annually in a newspaper. This report was not made available for this analysis. The third one said its report is only available internally or to shareholders, that is, it does not have a public report.

Therefore, from the 9 reports the survey respondents claimed to have, 7 were obtained for this analysis. Furthermore, all reports were analyzed and indeed they have some information about the company's environmental activities. The quality of this information will be discussed later in this chapter.

Brazilian Reports

In addition to these 7 reports available from the survey respondents, 14 reports from other Charter supporters were found in their websites. That is, a total of 21 reports from Brazilian Charter supporters was gathered for this analysis.

Of these 21 reports, six were purely financial reports – two from financial institutions and four from manufacturers.

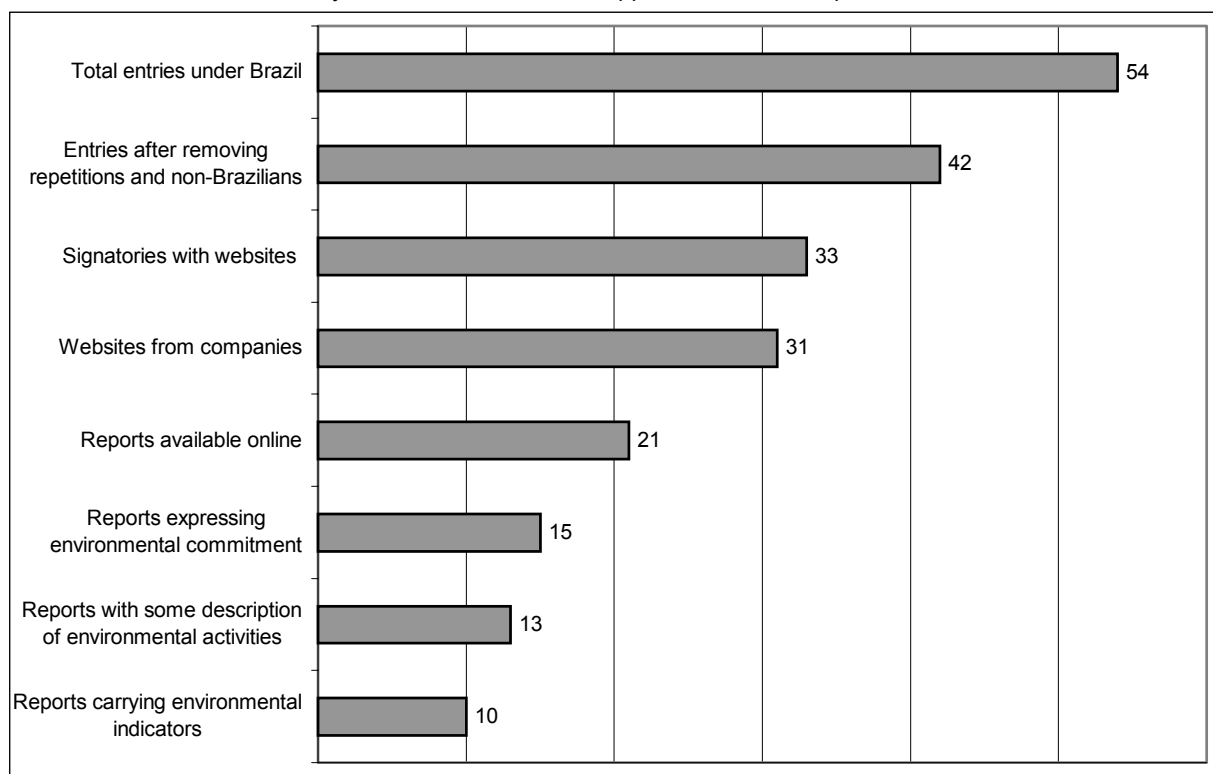
The other 15 reports at least indicated their commitment to the environment. As a general rule, those supporters that provided a single annual report often presented very little environmental information – usually it would include only environmental expenditure or a few case studies describing successful projects and programs. Interestingly, most of the supporters that provided more substantial environmental reports often included these reports in a larger report called *Balanço Social*³⁰ (i.e., Social Balance), which also presented information on the supporter's social activities.

The quality of the content of the reports varied dramatically. Of the 21 reports, 15 expressed the supporter's environmental commitment, 13 presented some description of environmental activities and only 10 presented some environmental indicator. Most indicators, however, were often presented either in percentage or financial terms. For example, one company indicated that it had recycled 94% of the water it consumed and 17% of the waste it generated, however, it does not provide the total amount of water or waste and no other indicators were given other than total expenditure related to environmental activities. Another company provided total expenditure with environmental activities as their only environmental indicator. Most of the more

³⁰ Brazilian sociologist Herbert de Souza, or Betinho, through his organization Ibase, initiated in 1997 a very successful campaign, which proposed a model for social reporting he called *Balanço Social*. This possibly explains why many companies give such name to their non-financial reports. More information on Ibase's *Balanço Social* campaign can be found in the following website <http://www.balancosocial.org.br/>.

informative reports provided indicators normalized by production volumes (e.g., tons of water per ton of steel).³¹

FIGURE 7.1 – Overall analysis of Brazilian Charter supporters and their reports



Note: one of the 21 reports was sent by mail - it was not available online

Two of the reports analyzed will be described here as examples. The first one provided a good financial section and a poor environmental section. The other provided a reasonable environmental section and no financial section.

A pulp and paper company mailed a 52-page print report, which had 25 pages dedicated to financial data only. Full-page photographs covered other 13 pages. Most of the remaining 14 pages were practically empty, with short paragraphs in Portuguese on top and English on the bottom of the pages. One of these pages provided a single paragraph

³¹ The Global Reporting Initiative has classified these indicators as integrated performance indicators (GRI 2000). These indicators have been further discussed in Chapter 4.

reassuring that the company had been audited and that it continued to hold the ISO 14001 certification. Another page provides two additional short paragraphs describing its forestry activities.

One explanation for the poor quality of this report could be that the company has received little guidance on what consists a good report. Alternatively, the company perhaps has had little incentive – either negative or positive – to provide quality information on its environmental activities.

The other report is from multinational subsidiary. The report is available online and it provides only two case studies in its environmental section. No company-wide information was provided. Most of the remainder of the report describes the company's products and services. The report did not provide any financial data either. The company's corporate website, on the other hand, provides a large amount of financial and environmental data from its international operations, none of which is provided in Portuguese.

By looking at this report, one can infer that there might be large discrepancies in the quality of reports coming from a corporate source or a national subsidiary. Again, the company perhaps received little guidance on what consists a good reporting practice or it has had little incentive (positive or negative) to provide information on its environmental activities to all stakeholders in all countries in which it operates.

Benchmarking Brazilian reports with the GRI guidelines

In order to better understand the quality of the reports from Brazilian Charter supporters, their reports were compared to the Global Reporting Initiative (GRI) sustainability

reporting guidelines (GRI 2000). The GRI guidelines were described and discussed in Chapter 4.

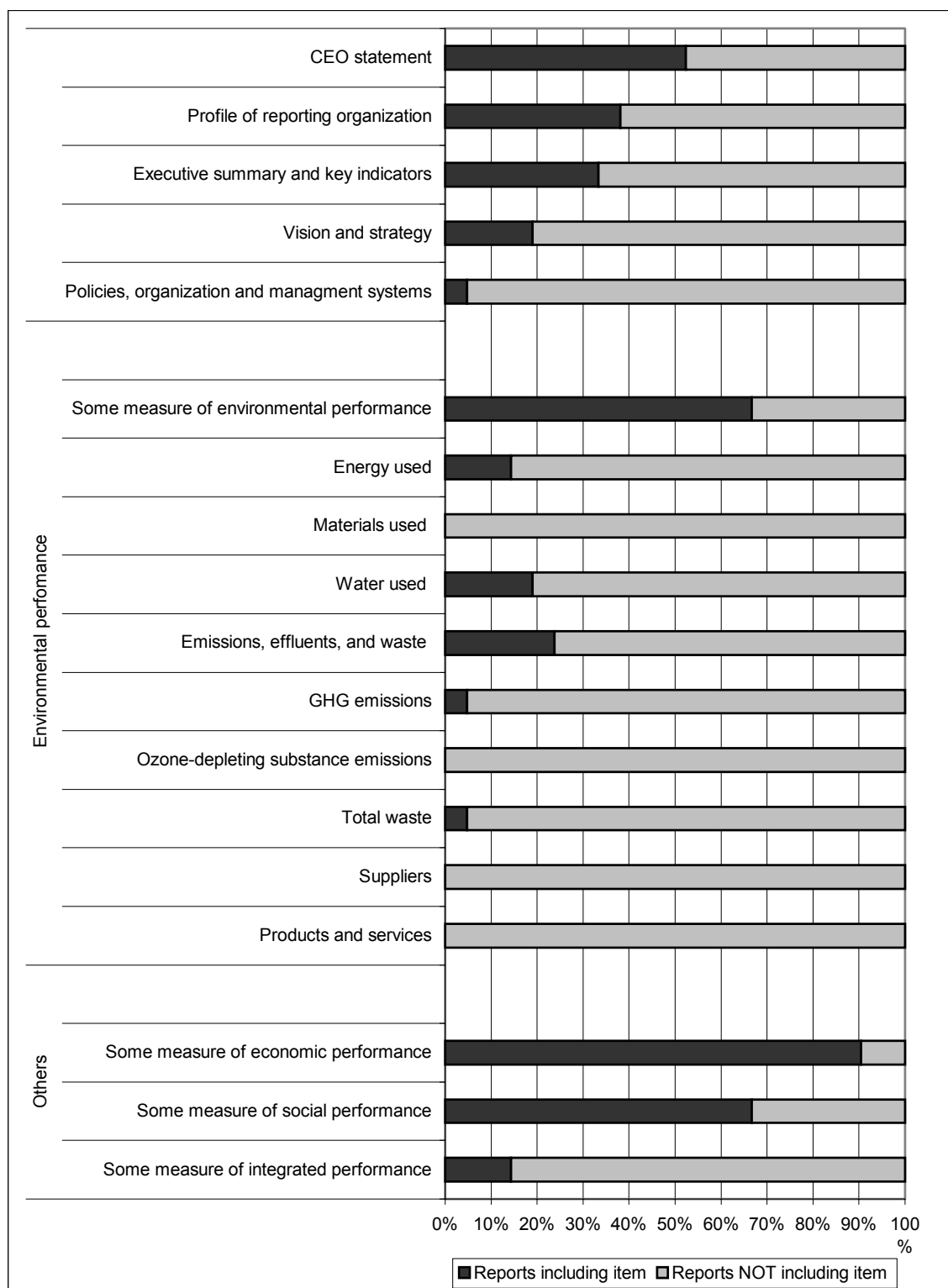
Of the 21 reports, 52% had a CEO statement; 38% provided a profile of the reporting organization; 33% included an executive summary and key indicators; 19% had a vision and strategy; and only 5% presented some information on policies, organization and management systems.

In the performance section of the reports; 67% provided environmental indicators; 90% social indicators; 67% economic indicators; and 14% integrated indicators.

With respect to environmental indicators in particular, 14% provided total energy used; 19% total water used; 24% some data on emissions, effluents and waste (not necessarily total values); 5% provided greenhouse gas emissions and total waste; and no report provided information on total material used, nor on suppliers' performance or environmental impacts associated with products and services provided by the company.

These results from 21 reports are summarized in Figure 7.2.

FIGURE 7.2 – Brazilian reports according to Global Reporting Initiative sustainability reporting guidelines



It is important to note that most environmental, social, and economic indicators provided were either in monetary terms or in percentage terms (e.g., energy consumed per unit of

production). Also, it was not always clear whether the reported indicator reflected the entire company's operation or just part of it.

Finally, the only two integrated indicators available were energy used per unit of production and water used per unit of production, which are already widely used indicators in environmental reporting.

Chapter 8. Conclusion

This work provides insightful information that can be used to enhance the effectiveness and credibility of the International Chamber of Commerce (ICC) and other organizations and their future voluntary initiatives.

For ICC: A call for transparency and credibility

In order for the public to track businesses there is great need to increase the amount and quality of information available on the effectiveness of voluntary initiatives. As governments continue to promote voluntary programs, this need will only increase.

If ICC has the legitimate interest of promoting self-regulation and voluntary initiatives as an alternative to government regulation it must provide evidence that voluntary alternatives are effective, indeed that they are more effective than government regulations. This requires ICC to provide easily accessible information to the public on a regular basis. This information should be of good quality and detail and it should include not only success stories but shortcomings as well.

Certainly, ICC should utilize its website to provide the information in the most effective manner. This would reduce its costs of mailing requested information and it would increase the organization's transparency and, consequently, its credibility as well.

Some basic information ICC should provide include its organization chart as well as each commission's responsibilities, activities and contact information. Also, ICC should eliminate false claims made in the website such as that there are more than 2,300 companies formally supporting its Charter. This reduces the organization's credibility and increases public distrust of businesses.

Also, ICC should consider environmental protection as one of the organization's highest priorities as recommended in the Charter first principle. ICC should also require that national committees post information on environmental activities and performance monitoring and reporting. Also, information on effectiveness of voluntary initiatives, as well as information on the work being developed by the organization's commissions and working bodies, should be made fully available to the public.

ICC should make its activities more transparent and credible. The minimum the public and ICC members should expect is that ICC monitored periodically its own initiatives and reported the results – surprisingly or not, this has not been done by ICC.

Also, as a business organization, ICC should also be asking itself some hard questions such as:

- Is it possible to transform any company into a sustainable business?
- Can an organization such as the ICC, in which potential sustainability losers and winners work together, be the right place for sustainability efforts?

The Business Charter for Sustainable Development

ICC developed the Business Charter for Sustainable Development as a voluntary initiative in 1990. The Charter principles are widely mentioned in the literature and in companies' reports. On the other hand, prior to this work, there had been very little knowledge about the list of Charter supporters and virtually no assessment of the effectiveness of the Charter in influencing environmental performance.

The list of Charter supporters has several problems. It contains numerous repetitions (within and across countries) and non-companies are also listed. The list apparently has not been updated since 1997. Several companies have changed names, merged, or been acquired since then. Also, supporters have not been required to renew their commitments on a regular basis and it is not clear when each supporter first formally declared its support to the Charter. The list is not available online.

In addition the list provides little information on the supporters, only its name and country of origin, which makes the tracking of many supporters very difficult.

ICC claims not to be “an enforcement body” and that it does not intend to enforce its Charter’s principles. On the other hand, ICC claims that the Charter’s principles “have helped thousands of companies worldwide establish an excellent foundation on which to build their own integrated environmental management systems” (ICC website, 14 January 2002). If this is so, ICC should be providing supporting documentation for such a claim.

Also, ICC should ensure that its new joint initiative with the World Business Council for Sustainable Development (WBCSD) – the Business Action for Sustainable Development (BASD) – will be properly monitored so to secure the initiative’s relevance and credibility.

Environmental reports

The group of Charter supporters, which is expected to “recognize environmental management as among the highest corporate priorities” and “to provide appropriate

information to the (...) public,” should be expected to provide more frequently higher quality reports than an average group of companies.

A survey of the Fortune Global 250 companies found that 35% of these companies publish environment-related reports, which were published separate from or integrated with their financial or social reports. The same survey also analyzed a larger group of 1100 companies (the top 100 companies from 11 countries), 24% of which published an environment-related report (KPMG 1999). Another survey of 596 companies from the Fortune 500 and S&P 500 found an 18% reporting frequency (Lober et al. 1997). A second survey of Fortune 500 companies, which excluded corporations with emphasis primarily on service and sales, found that 60% of the respondents (137 of the 294 screened companies) published a environment-related report (Rappaport and Blydenburgh 2001).

This indicates that the quantity of environmental information from Charter supporters is low. From a random sample of 768 Charter supporters (of which 358 had a website), 128 provided reports expressing environmental commitment (17% of sample and 36% of sample supporters with websites) and only 98 provided reports carrying environmental indicators (13% of sample and 27% of sample supporters with websites). Charter supporters do not seem to report above the average.

It is also not clear when supporters initiated their environmental reports. It is also unclear whether these reports have been produced periodically. Also, most companies have only the latest reports available online.

There is an obvious need for standardization of environmental reporting. Standardized reports will help companies to exchange fruitful information and would help the public and governments to evaluate these companies. The Global Reporting Initiative holds the promise for such improvement. Other concerns, such as reliability of report information should be investigated in future research.

Brazil as a reference for research on developing countries

This word also provides some new groundwork for the study of voluntary initiatives in developing countries. These countries have been mostly left out of research efforts and there is a danger that, due to the lack of empirical evidence, the same remedies used in developed countries will be applied to developing countries without acknowledgement of the differences in the challenges faced by these two groups.

This study assessed the quality and quantity of environmental information provided by Brazilian Charter supporters. As it was shown, both quality and quantity of information were low. From the 42 identified reporters, 33 had websites, 21 had some kind of report and only 10 provided environmental indicators, most of which were in financial or percentage terms, hardly useful for individuals outside the companies.

It is important to notice, however, that most Charter supporters also did not provide social and financial information through their websites. Perhaps, when working on developing countries, one should be encouraging social, environmental, and financial reporting simultaneously. Developing countries, in general, may be more concerned with social problems than environmental problems. Maybe this explains why the environmental

reports in Brazil are often included in reports named Social Balance. It is possible that addressing environmental problems in a social context may produce better results.

It is possible that companies are providing more information in publications in print than they provide online. On the other hand, if companies already have websites, what is keeping them from posting their information online?

In the case of Brazil, it will be interesting to watch the work of several new organizations working on sustainability issues such as Ethos, CEBDS, and FBDS.

Final words

This work does not intend to undermine the work done by businesses or discourage future efforts in the attempt to address sustainability issues. Instead, this work intends to highlight past shortcomings so they will no longer be repeated. Business carry a lot of power for change and this work hopes to help maintain in businesses the sincere intention for change.

This work is available on the web at <http://www.geocities.com/iccproject2001>

Appendices

Appendix A – Business Charter for Sustainable Development

(Copied from <http://www.iccwbo.org/sdcharter/charter/principles/principles.asp>, 15 October, 2001)

Principles for Environmental Management

Foreword

There is widespread recognition today that environmental protection must be among the highest priorities of every business.

In its milestone 1987 report, "Our Common Future," the World Commission on Environment and Development (Brundtland Commission) emphasised the importance of environmental protection to the pursuit of sustainable development.

To help business around the world improve its environmental performance, the International Chamber of Commerce created this Business Charter for Sustainable Development. It comprises sixteen Principles for environmental management which, for business, is a vitally important aspect of sustainable development.

This Charter assists enterprises in fulfilling their commitment to environmental stewardship in a comprehensive fashion, in line with national and international guidelines and standards for environmental management. It was formally launched in April 1991 at the Second World Industry Conference on Environmental Management in Rotterdam, and continues to be widely applied and recognised around the world.

Introduction

Sustainable development involves meeting the needs of the present without compromising the ability of future generations to meet their own needs. Economic growth provides the conditions in which protection of the environment can best be achieved, and environmental protection, in balance with other human goals, is necessary to achieve growth that is sustainable.

In turn, versatile, dynamic, responsive and profitable businesses are required as the driving force for sustainable economic development and for providing the managerial, technical and financial resources to contribute to the resolution of environmental challenges. Market economies, characterised by entrepreneurial initiatives, are essential to achieve this.

Business thus shares the view that there should be a common goal, not a conflict, between economic development and environmental protection, both now and for future generations.

Making market forces work in this way to protect and improve the quality of the environment – with the help of standards such as ISO 14000, and judicious use of economic instruments in a harmonious regulatory framework – is an on-going challenge that the world faces in entering the 21st century.

This challenge was recognised by the nations of the world at the 1992 United Nations Conference on Environment and Development, which called on the co-operation of business in tackling it. To this end, business leaders have launched initiatives in their individual enterprises as well as through sectoral and cross-sectoral associations.

In order that more businesses join this effort and that their environmental performance continues to improve, the International Chamber of Commerce continues to call upon enterprises and their associations to use the following Principles as a basis for pursuing such improvement and to express publicly their support for them. Individual programmes to implement these Principles will reflect the wide diversity among enterprises in size and function.

The objective remains that the widest range of enterprises commit themselves to improving their environmental performance in accordance with these Principles, to having in place management practices to effect such improvement, to measuring their progress, and to reporting this progress as appropriate internally and externally.

Note : The term environment as used in this document also refers to environmentally related aspects of health, safety and product stewardship.

Principles

1. Corporate priority

To recognise environmental management as among the highest corporate priorities and as a key determinant to sustainable development; to establish policies, programmes and practices for conducting operations in an environmentally sound manner.

2. Integrated management

To integrate these policies, programmes and practices fully into each business as an essential element of management in all its functions.

3. Process of improvement

To continue to improve corporate policies, programmes and environmental performance, taking into account technical developments, scientific understanding, consumer needs and community expectations, with legal regulations as a starting point; and to apply the same environmental criteria internationally.

4. Employee education

To educate, train and motivate employees to conduct their activities in an environmentally responsible manner.

5. Prior assessment

To assess environmental impacts before starting a new activity or project and before decommissioning a facility or leaving a site.

6. Products and services

To develop and provide products or services that have no undue environmental impact and are safe in their intended use, that are efficient in their consumption of energy and natural resources, and that can be recycled, reused, or disposed of safely.

7. Customer advice

To advise, and where relevant educate, customers, distributors and the public in the safe use, transportation, storage and disposal of products provided; and to apply similar considerations to the provision of services.

8. Facilities and operations

To develop, design and operate facilities and conduct activities taking into consideration the efficient use of energy and materials, the sustainable use of renewable resources, the minimisation of adverse environmental impact and waste generation, and the safe and responsible disposal of residual wastes.

9. Research

To conduct or support research on the environmental impacts of raw materials, products, processes, emissions and wastes associated with the enterprise and on the means of minimizing such adverse impacts.

10. Precautionary approach

To modify the manufacture, marketing or use of products or services or the conduct of activities, consistent with scientific and technical understanding, to prevent serious or irreversible environmental degradation.

11. Contractors and suppliers

To promote the adoption of these principles by contractors acting on behalf of the enterprise, encouraging and, where appropriate, requiring improvements in their practices to make them consistent with those of the enterprise; and to encourage the wider adoption of these principles by suppliers.

12. Emergency preparedness

To develop and maintain, where significant hazards exist, emergency preparedness plans in conjunction with the emergency services, relevant authorities and the local community, recognizing potential transboundary impacts.

13. Transfer of technology

To contribute to the transfer of environmentally sound technology and management methods throughout the industrial and public sectors.

14. Contributing to the common effort

To contribute to the development of public policy and to business, governmental and intergovernmental programmes and educational initiatives that will enhance environmental awareness and protection.

15. Openness to concerns

To foster openness and dialogue with employees and the public, anticipating and responding to their concerns about the potential hazards and impacts of operations, products, wastes or services, including those of transboundary or global significance.

16. Compliance and reporting

To measure environmental performance; to conduct regular environmental audits and assessments of compliance with company requirements, legal requirements and these principles; and periodically to provide appropriate information to the Board of Directors, shareholders, employees, the authorities and the public.

Support for the Charter

The ICC undertakes to encourage member companies and others to express their support and implement the Charter and its Principles.

A list of these companies can be obtained from ICC Headquarters. The ICC also publishes regularly a Charter bulletin which provides more specific information on the Charter's Principles and different interpretations possible - an attribute of the Charter that has been widely commended.

The first edition of Business Charter for Sustainable Development was adopted by the ICC Executive Board on 27 November 1990, and first published in April 1991.

It was prepared and revised by the ICC Working Party for Sustainable Development.

Chair Peter Scupholme (British Petroleum) Vice-Chair W. Ross Stevens III (Du Pont)

The ICC is indebted to numerous companies and business organisations for their input in preparing and revising the Charter.

The Business Charter for Sustainable Development provides a basic framework of reference for action by individual corporations and business organisations throughout the world. It has been recognised as a complement to environmental management systems. To this end, the ICC, the United Nations Environment Programme (UNEP) and the International Federation of Consulting Engineers (FIDIC) have developed a kit to help enterprises integrate environmental management systems in the daily management practices, a step consistent with the objectives set out in this Charter.

The Business Charter has been published in over 20 languages, including all the official languages of the United Nations.

Appendix B – Other Business Environmental Principles

The CERES Principles (extracted from <http://ceres.org/about/principles.html>)

Endorsing Company Statement

By adopting these Principles, we publicly affirm our belief that corporations have a responsibility for the environment, and must conduct all aspects of their business as responsible stewards of the environment by operating in a manner that protects the Earth. We believe that corporations must not compromise the ability of future generations to sustain themselves.

We will update our practices constantly in light of advances in technology and new understandings in health and environmental science. In collaboration with CERES, we will promote a dynamic process to ensure that the Principles are interpreted in a way that accommodates changing technologies and environmental realities. We intend to make consistent, measurable progress in implementing these Principles and to apply them to all aspects of our operations throughout the world.

The CERES Principles

Protection of the Biosphere

We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources

We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes

We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation

We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction

We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services

We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration

We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

Informing the Public

We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through

dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment

We will implement these Principles and sustain a process that ensures that the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

Audits and Reports

We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the CERES Report, which will be made available to the public.

Disclaimer

These Principles establish an environmental ethic with criteria by which investors and others can assess the environmental performance of companies. Companies that endorse these Principles pledge to go voluntarily beyond the requirements of the law. The terms "may" and "might" in Principles one and eight are not meant to encompass every imaginable consequence, no matter how remote. Rather, these Principles obligate endorsers to behave as prudent persons who are not governed by conflicting interests and who possess a strong commitment to environmental excellence and to human health and safety. These Principles are not intended to create new legal liabilities, expand existing rights or obligations, waive legal defenses, or otherwise affect the legal position of any endorsing company, and are not intended to be used against an endorser in any legal proceeding for any purpose.

ACC's Responsible Care Guiding Principles (extracted from <http://www.cmahq.com/>)

Guiding Principles:

Our industry creates products and services that make life better for people around the world — both today and tomorrow. The benefits of our industry are accompanied by enduring commitments to Responsible Care in the management of chemicals worldwide. We will make continuous progress toward the vision of no accidents, injuries or harm to the environment and will publicly report our global health, safety and environmental performance. We will lead our companies in ethical ways that increasingly benefit society, the economy and the environment while adhering to the following principles:

To seek and incorporate public input regarding our products and operations.

To provide chemicals that can be manufactured, transported, used and disposed of safely.

To make health, safety, the environment and resource conservation critical considerations for all new and existing products and processes.

To provide information on health or environmental risks and pursue protective measures for employees, the public and other key stakeholders.

To work with customers, carriers, suppliers, distributors and contractors to foster the safe use, transport and disposal of chemicals.

To operate our facilities in a manner that protects the environment and the health and safety of our employees and the public.

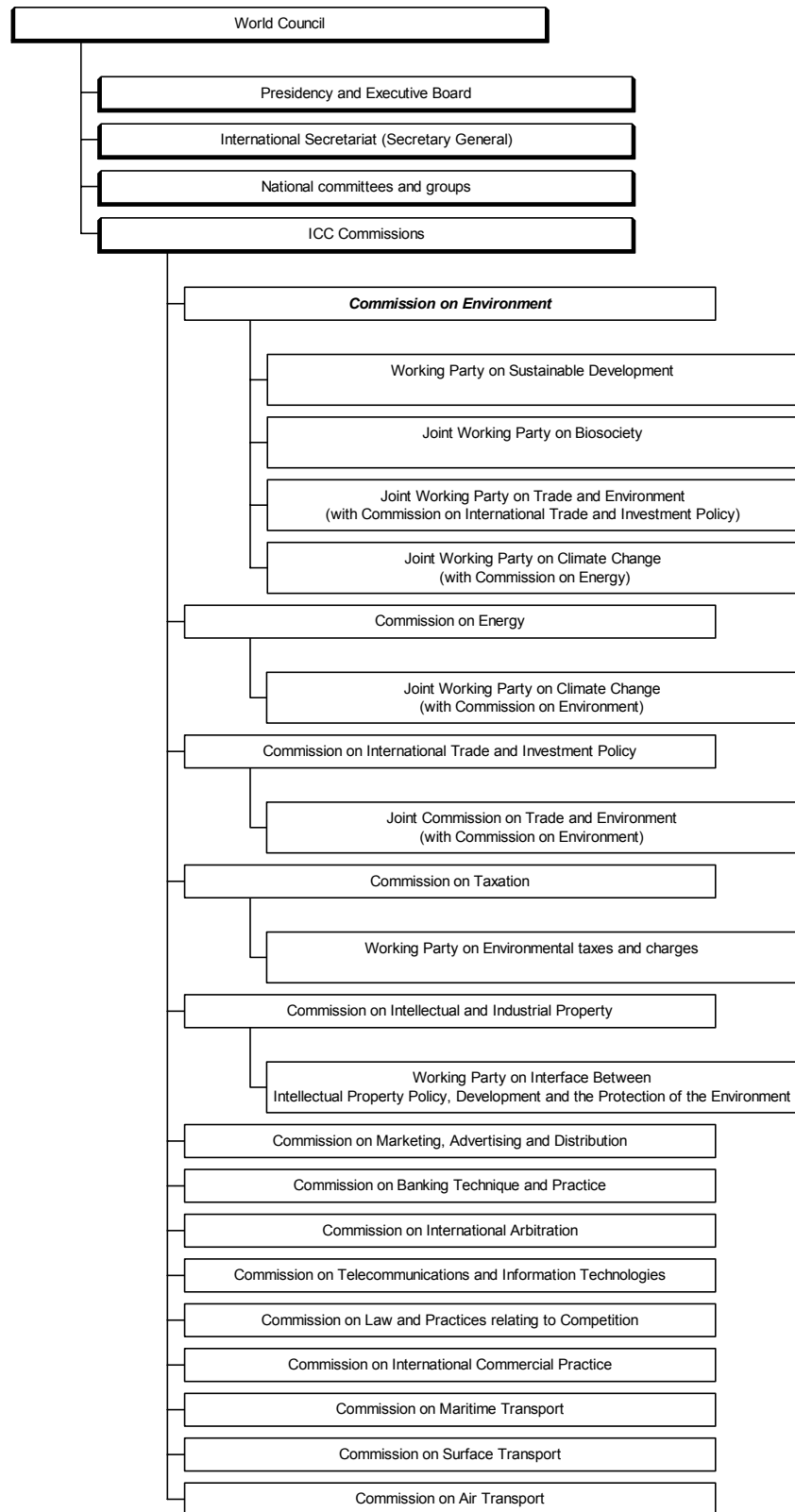
To support education and research on the health, safety and environmental effects of our products and processes.

To work with others to resolve problems associated with past handling and disposal practices.

To lead in the development of responsible laws, regulations and standards that safeguard the community, workplace and environment.

To practice Responsible Care by encouraging and assisting others to adhere to these principles and practices.

Appendix C – ICC Organization Chart



Note: Only environment-related ICC Working Parties are shown in the chart

Appendix D – ICC environmental activities and world events

ICC environmental activities		Major world environmental events	
1971	ICC Environment Commission is created	1972	UN Conference on the Human Environment (Stockholm, Sweden)
1974	ICC publishes <i>Guidelines on Environmental Management</i>	1976	Icmesa toxic release (Seveso, Italy)
1984	ICC and UNEP organize the First World Industry Conference on Environmental Management – WICEM I (Versailles, France)	1984	Union Carbide toxic release (Bhopal, India)
		1985	Responsible Care program is initiated in Canada
		1986	Chernobyl nuclear accident (Ukraine)
		1987	UN World Commission on Environment and Development (Brundtland Commission) publishes “Our Common Future.” The term ‘ <u>sustainable development</u> ’ is first used.
		1989	Exxon Valdez accident (Alaska, USA) CERES principles are published
1991	ICC and UNEP organize WICEM II (April 11-12, Rotterdam, Netherlands) and ICC launches there its <u>Business Charter for Sustainable Development</u>	1990	UN Conference on Action for a Common Future (Bergen, Norway) helps to prepare business for UNCED <u>Created the Business Council for Sustainable Development (BCSD)</u>
1992	ICC launches book <i>From Ideas to Action</i>		
1993	ICC creates the <u>World Industry Council for the Environment</u> (WICE)	1992	UN Conference on Environment and Development – UNCED (3-14 June, Rio de Janeiro, Brazil) BCSD launches book <i>Changing Course</i>
1994	ICC initiates newsletter <i>The Charter</i> (it was interrupted in 1997)		
1995	WICE merges with BCSD to form the <u>World Business Council for Sustainable Development</u> (WBCSD) ICC, UNEP, and FIDIC publish an <u>EMS training kit</u>	1996	ISO publishes first <u>ISO 14000</u> standards and guidelines
		1999	UNEP/CERES/WBCSD conference “Towards a Common Framework for Corporate Sustainability Reporting” (5-6 March, London, UK). <u>Global Reporting Initiative</u> guidelines launched.
2000	ICC initiates collaboration with the UN in the promotion of the <u>Global Compact</u>	2000	Published the Global Reporting Initiative sustainability reporting revised guidelines.
2001	ICC and WBCSD launch a joint-initiative called <u>Business Action for Sustainable Development</u> (BASD)	2002	UN World Summit on Sustainable Development – WSSD (Johannesburg, South Africa)

Appendix E – Survey sent to Brazilian Charter Supporters

Pesquisa Rápida - Carta Empresarial da Câmara Internacional de Comércio

A pesquisa que segue está sendo mandada para todas as empresas brasileiras que assinaram a Carta Empresarial para o Desenvolvimento Sustentável da Câmara de Comércio Internacional. A pesquisa fará parte de um trabalho sendo desenvolvido no Departamento de Políticas e Planejamento Ambiental e Urbano da Tufts University (EUA).

As informações individuais fornecidas por cada companhia serão mantidas confidenciais. Apenas o resultado agregado de todas as empresas será utilizado em estudo posterior. Os resultados desta pesquisa, assim como o trabalho final, ficará disponível para qualquer empresa participante que demonstre interesse.

Por favor complete a pesquisa abaixo. Esta não deve tomar mais de 10 minutos do seu tempo. Uma vez terminada, por favor mande os resultados por email ou por fax.

Para mais informações, por favor não hesite em contactar.

Aqui começa a pesquisa.

Seção I - Políticas Internas da Companhia

1. Sua companhia tem política interna oficial?

Sim() Não()

2. Indique os tópicos abaixo que sua empresa inclui em sua política interna oficial:

Responsabilidade Financeira	Sim()	Não()	Não Sei()
Responsabilidade Social	Sim()	Não()	Não Sei()
Responsabilidade Ambiental	Sim()	Não()	Não Sei()

3. As políticas de sua companhia são de conhecimento público?

Sim() Não() Não Sei()

4. Onde se pode obter uma cópia destes documentos

Internet() Material Impresso() Outra forma de divulgação()

Por favor especifique website, material impresso ou outra forma de divulgação.

Seção II - Relatórios da Companhia

1. Sua companhia tem relatório anual?

Sim() Não()

2. Indique os tópicos abaixo que estejam incluídos no(s) relatório(s) anual(is)

Desempenho Social	Sim()	Não()	Não Sei()
Desempenho ambiental	Sim()	Não()	Não Sei()
Desempenho financeiro	Sim()	Não()	Não Sei()

3. Estes tópicos são tratados em um único relatório ou são publicados separadamente?

Relatório Único() Publicados Separadamente()

4. Como se pode obter este(s) relatório(s)?

Website() Impressos() Outra forma de divulgação()

Por favor especifique website, material impresso ou outra forma de divulgação.

Seção III - Certificações e Reconhecimentos

Sua companhia tem algum tipo de certificação:

ISO 9000() ISO 14000() AA8000() Outras: _____

Seção IV - Sistema de Gerenciamento da Companhia

1. Sua companhia tem algum funcionário que dedica a parte significativa de seu tempo a assuntos sociais?

Sim() Não()

2. Qual o nível hierárquico deste funcionário? Por favor especifique cargo (por exemplo, Diretor de Relações Públicas; Vice Presidente de Comunicação)

3. Sua companhia tem algum funcionário que dedica a parte significativa de seu tempo a assuntos ambientais?

Sim() Não()

4. Qual o nível hierárquico deste funcionário? Por favor especifique cargo (por exemplo, Gerente de Produção; Diretor de Operações; Vice Presidente de Segurança, Saúde e Meio Ambiente)

5. Sua companhia tem algum departamento dedicado a estes assuntos? Qual é o departamento? Por favor, especifique (por exemplo; Departamento de Relações Públicas; Departamento de Segurança, Saúde e Meio Ambiente)

Seção V - Dados Gerais da Companhia

1. Número de Funcionários

2. Receita Anual
3. Setor Econômico
4. Multinacional? Sim() Não()
5. Origem de Capital

Majoria Nacional() Maioria Estrangeira()

Pública() Estatal() Privada()

Seção VI - Informações Pessoais

Por favor indique sua posição na companhia.

Seção VI - Seção em aberto

Nesta seção, por favor faça qualquer comentário e sugestão ou forneça informação adicional que considere relevante para esta pesquisa.

Aqui se encerra a pesquisa

Por favor nos informe caso tenha interesse em obter os resultados desta pesquisa.

Muito obrigado por sua participação!

Appendix F – List of Brazilian Charter Supporters

(Highlighed names indicate repetitions)

Brazilian supporters as in the original list	This author's observations
ABECEL - Associação de Exportadores de Celulose	Business association. Merged with ANFPC, another Brazilian business association. New name: BRACELPA
Acesita - Companhia Aços Especiais Itabira	Owned by Usinor (France, 27.68%)
Aço Minas Gerais S.A. (Açominas)	Owned by Natsteel (Singapore, 21.4%)
Aços Villares S.A.	Acquired by Sidenor (Spain)
Aracruz Celulose S.A.	Owned by Mondi International (UK/South Africa, 28%), Grupo Lorentzen (Brazil, 28%), and Grupo Safra (Brazil, 28%)
Bahia Sul Celulose S.A.	Owned by Cia. Suzano de Papel e Celulose (78%)
Banco América do Sul S.A.	Acquired by Sudameris (Italy) in 2000
Banco Boavista S.A.	Acquired by Bradesco (Brazil). Repetition. Same as Bradesco entry #9.
Banco de Crédito Real de Minas Gerais S.A.	Acquired by Bradesco (Brazil)
Brascan – Administração e Investimentos LTDA.	HQ: Brazil / Canada
Caemi Mineração e Metalurgia	Owned by Mitsui & Co (Japan, 40%)
Carbocloro S.A. Indústrias Químicas	Owned by Oxychem (USA, 50%) and Unipar (Brazil, 50%)
Carboindustrial S.A.	Owned by Elkem (Norway)
Cenibra - Celulose Nipo-Brasileira S.A.	Owned by Aracruz and Votorantim (Brazil) since June 2001
Campagne de Saint-Goban	HQ: France
Companhia de Navegação Norsul	Owned by Grupo Lorentzen (Brazil)
Companhia de Navegação Norsul	Repetition. Same as Companhia de Navegação Norsul (entry # 16)
Companhia de Pesquisa de Recursos Minerais	Brazilian government institution
Companhia do Jari	Owned by Grupo Orsa (Brazil). New name: Jarcel
Companhia Siderúrgica Belgo-Mineira	Owned partially by Arbed (Luxemburg)
Companhia Siderúrgica Nacional	Owned by Vicunha Siderúrgica (Brazil, 46%),
Companhia Vale do Rio Doce - CVRD	HQ: Brazil
COPENE – Petroquímica do Nordeste S.A.	HQ: Brazil
Credireal	Repetition. Same as Banco de Crédito Real de Minas Gerais (entry # 9)
Dragagem Fluvial LTDA.	Not identified.
Du Pont Do Brasil S.A.	HQ: USA
Fábrica de Rendas ARP S.A.	HQ: Brazil
Federação das Indústrias do Estado da Bahia	Regional business association.
ICI Brasil S.A.	HQ: UK
Indústrias Villares S.A.	-
Interchemical Brasil	HQ: France. Known in Brazil as Nortec.
Mendes Júnior Engenharia	HQ: Brazil
Oxypar Indústrias Químicas S.A.	Repetition. Same as Carbocloro S.A. Indústrias Químicas (entry # 12)
Petrobras Fertilizantes S.A.	New name: Gaspetro. HQ: Brazil (state-owned)
Refrescos Guararapes	Coca-Cola's main bottler and distributor in Northeastern Brazil
Rio Paracatu Mineração LTDA.	Repetition. Same as Rio Tinto (entry # 37)
Rio Tinto Desenvolvimento de Minerais LTDA.	HQ: UK
Riocell S.A.	Owned by Klabin (Brazil)
RTZ Mineração LTDA.	Repetition. Same as Rio Tinto (entry # 37)
Sandoz S.A.	Merged with Ciba in 1996. New name: Novartis. HQ: Switzerland.
Shell Brasil S.A.	HQ: UK
Sistema Financeiro BANOETE	Acquired by Banco Bandeirantes (Brazil)
Usina Péricles Nestor Locchi	Not identified.
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS	Owned by CVRD (Brazil, 23%) and Nippon Steel (Japan, 18.4%),
Varig	HQ: Brazil
Veracruz Florestal LTDA.	Owned by Aracruz (Brazil, 45%), Stora Enso (Finland, 45%) e Odebrecht (Brazil, 10%)
White Martins S.A.	Owned by Praxair (USA)
Xerox do Brasil S.A.	HQ: USA
Açominas	Repetition. Same as Aço Minas Gerais S.A. (entry # 3)
CARBUCLORO OXYPAR Indústrias Químicas	Repetition. Same as Carbocloro S.A. Indústrias Químicas (entry # 12)
Companhia Siderúrgica de Tubarão	Owned by Usinor (France, 37%) and CVRD (Brazil, 23%)
DET DANSKE	Not identified.
Mendes Júnior Siderúrgica S.A.	Repetition. Same as Companhia Siderúrgica Belgo-Mineira (entry # 20)
QUIMIGAL Adubos S.A.	Not Brazilian. Portuguese company. New name: ADP

Appendix G – Acronyms and Websites

ABIQUIM	Brazilian Chemical Industry Association (Associação Brasileira da Indústria Química) http://www.abiquim.br/
ACC	American Chemistry Council (former CMA) http://www.cmahq.com/
BCSD	Business Council for Sustainable Development (now WBCSD)
CCPA	Canadian Chemical Producers Association http://www.ccpa.ca/
CEBDS	Brazilian Business Council for Sustainable Development (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável) http://www.cebds.com/
CERES	Coalition for Environmentally Responsible Economies http://www.ceres.org/
CMA	Chemical Manufacturers Association (now ACC)
EMS	Environmental Management Systems
FBDS	Brazilian Foundation for Sustainable Development (Fundação Brasileira para o Desenvolvimento Sustentável) http://www.fbds.org.br/
GRI	Global Reporting Initiative http://www.globalreporting.org/
ICC	International Chamber of Commerce http://www.iccwbo.org/
ISO	International Organization for Standardization http://www.iso.ch/
UN	United Nations http://www.un.org/
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Program http://www.undp.org/
UNEP	United Nations Environmental Program http://www.unep.org/
WBCSD	World Business Council for Sustainable Development (created from merge of BCSD and WICE) http://www.wbcd.ch/
WICE	World Industry Council for the Environment (now WBCSD)
WICEM	World Industry Conference on Environmental Management

Appendix H – Resources for Business and Environment

Journals and Magazines

1. Business Strategy and the Environment
2. Journal of Industrial Ecology
3. Eco-Management and Auditing
4. California Management Review
5. Annual Review of Energy and the Environment
6. Environment
7. Tomorrow Magazine

Websites

1. International Chamber of Commerce (ICC), <http://www.iccwbo.org/>
2. World Business Council for Sustainable Development (WBCSD), <http://www.wbcsd.ch/>
3. United Nations Global Compact, <http://www.unglobalcompact.com/>
4. International Institute for Sustainable Development (IISD), <http://iisd.ca/ic/info/bus98.htm>
5. World Bank Informal Regulation website, <http://www.worldbank.org/nipr/comrole.htm>
6. World Resources Institute (WRI), <http://www.wri.org/>
7. SustainAbility Inc., <http://www.sustainability.co.uk/>
8. AccountAbility, <http://www.accountability.co.uk/>
9. United States Department of Energy (US DOE) Sustainability website, <http://www.sustainable.doe.gov/articles/codegreen.shtml>
10. United States Environmental Protection Agency (US EPA) Performance Track website, <http://www.performancetrack.gov/>

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2. Instituto Ethos de Responsabilidade Empresarial, <http://www.ethos.org.br/>
3. Fundação Brasileira para o Desenvolvimento Sustentável (FBDS), <http://www.fbds.org.br/>

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