

Sustainable Business

- A platform for Swedish action

Introduction

The purpose of the present publication¹ is to set out the Swedish Government's basic position on issues relating to sustainable business – or corporate social responsibility (CSR) – and to address the question of what, in the Government's view, the concept should entail. It is hoped that the publication will provide a good basis for business enterprises and other stakeholders in society interested in acting in accordance with sustainable business principles.

It should also be seen as the Swedish Government's reply to the European Commission's 2011 CSR strategy, in which EU member states were invited to draw up a national plan or a list of measures to promote corporate social responsibility.

¹ This document is a translation into English of the Swedish language document "Hållbart företagande - plattform för svenskt agerande". In case of divergence of interpretation the Swedish original text shall prevail.

Table of contents

- Introduction..... 2
- 1. What is corporate social responsibility? 4
- 2. Why is sustainable business important? 5
- 3. Why is sustainable business important to the Swedish Government?..... 6
- 4. International CSR guidelines and standards..... 7
 - 4.1. Initiatives by international organisations..... 7
 - 4.1.1. OECD guidelines for multinational enterprises 7
 - 4.1.2. The UN Global Compact 9
 - 4.1.3. The UN Framework and Guiding Principles on Business and Human Rights 10
 - 4.1.4. ILO Tripartite Declaration on Rights in Working Life 11
 - 4.2. Initiatives from private organisations 12
 - 4.2.1. The Global Reporting Initiative – sustainability reporting..... 12
 - 4.2.2. Guidance standard for corporate social responsibility – ISO 26000 12
 - 4.3. Initiatives in the EU and Nordic countries..... 13
 - 4.3.1. The European Commission’s CRS Strategy 13
 - 4.3.2. Nordic CSR strategy 14
- 5. The Government’s role as an accountable actor 14
 - 5.1. Trade policy and export promotion..... 14
 - 5.2. State-owned enterprises 16
 - 5.3. Social innovation and social entrepreneurship 18
 - 5.4. Development 19
 - 5.5. Public procurement 20
- 6. Promoting sustainable business..... 21
 - 6.1. Human rights 21
 - 6.2. Internet freedom 23
 - 6.3. Working conditions and terms of employment 24
 - 6.4. The environment 25
 - 6.5. Anti-corruption 26
- APPENDIX 28
- Sustainable business –practical advice and tools..... 28

1. What is corporate social responsibility?

Corporate social responsibility (CSR) is based on the premise that business enterprises should conduct their operations in ways that further economic, social and environmentally sustainable development in accordance with the definition adopted in 1987 by the UN-sponsored Bruntland Commission: *“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

The Government has elected to adopt the term ‘sustainable business’ (*hållbart företagande*) in preference to corporate social responsibility, as it wished to use a Swedish term and not an abbreviation. In the remainder of this report, ‘sustainable business’ will be used synonymously with CSR.

The European Commission defines sustainable business in its CSR strategy as *“the responsibility of enterprises for their impacts on society”*, a modern, simple and serviceable definition.

Sustainable business according to the Government’s definition encompasses human rights, work requirements, the environment and anti-corruption. These four main areas also incorporate gender equality, diversity and business ethics.

These basic areas are also to be found in the international CSR guidelines endorsed by the Government: the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

The Government’s position is that sustainable business must ultimately involve efforts by enterprises to develop long-term, sustainable business models. Among other things, this entails the integration of sustainability-concerns into their business strategies and day-to-day management.

Specifically, an enterprise committed in the above seven areas to sustainable business principles is expected to:

- establish a clear set of primary values as a basis for sustainability work. These values should inform the enterprise’s business culture and its relations with the world at large,
- adopt and implement a policy commitment to sustainability issues at senior management level, including an undertaking to respect internationally proclaimed human rights and the ILO core conventions, in its operations,
- have identified – and is able to monitor – risks along the entire value chain (business partners, suppliers, distribution and customer channels), have established where responsibility for risks lies and where it can move developments in a positive direction,
- perform due diligence, i.e. an integrated, ongoing process aimed at identifying and managing risks and opportunities on the basis of the character, size and context of its operations,

- be transparent, i.e. report on and communicate the risks and opportunities facing the enterprise, as well as its impact on society, both favourable and adverse,
- engage in structured, meaningful and regular dialogue with its most important stakeholders in society,
- cooperate with other relevant companies and organisations on common sustainability challenges, and
- operate strategically, draw up objectives and follow up its work.

In the Government's view it is essential that enterprises operating in or from Sweden act in accordance with the principles set out in the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human Rights. These are internationally accepted guidelines; they are supported by numerous governments, including Sweden.

The work of developing sustainable business should be undertaken by the enterprises themselves. Governments and agencies should play a proactive and supportive role. Employee and civil society organisations can identify problems and work constructively with enterprises to find common solutions. Investors and consumers are important stakeholders; they can strengthen and reward efforts undertaken by enterprises in this field. The media have a role to play: they can act as watchdogs and raise public consciousness about the favourable or adverse impacts of enterprises on society.

2. Why is sustainable business important?

Sustainable business is essential to businesses seeking to ensure long-term value creation and manage business risks and opportunities related to sustainability. It is also important in ensuring that enterprises constitute a strong, positive force actively seeking to promote UN and Swedish sustainable development objectives.

Enterprises and their activities are fundamental to economic development. Their role, the production, distribution and sale of products and services in open markets within the framework of existing laws and regulations, is a vital one. Thus in a market economy, they are indispensable to a society's sustainable prosperity, welfare and employment. As the activities of some enterprises can also have a detrimental impact on society, it is essential that businesses work to minimise their impact and manage risks.

If long-term, sustainable growth is to be secured, it is in society's interests that enterprises are encouraged and given the right conditions in which to pursue their activities. This is particularly relevant in today's globalised world where businesses operate in markets everywhere, where there are challenges to face, and public administrative capacity in many countries is unequal to the task of implementing national legislation in conformity with internationally accepted standards.

3. Why is sustainable business important to the Swedish Government?

Sustainable business strengthens both long-term value creation and our competitiveness, and contributes to the achievement of societal goals.

- Swedish enterprises that enjoy good relations with their stakeholders and the world at large strengthen their risk management processes and are more attractive to business partners at international level.
- Governments have a responsibility to protect the environment, uphold human rights, ensure good working conditions and promote anti-corruption measures, gender equality and diversity. Business enterprises bear a responsibility for their impact on society with regard to these issues.
- Sustainable business represents values which the Swedish Government and Swedish society seek to safeguard and promote.
- Companies with long-term, sustainable business models are more likely to survive in the long run.
- Sustainable business strengthens companies' long-term international competitiveness.
- Enterprises that take a long-term view of value creation more readily attract the most talented workforces. Their financing costs are also lower due to reduced risks associated with their business operations.

Sustainable business is a defining issue for Sweden.

The Government can act as a catalyst for efforts by businesses to integrate sustainable business, and as a communication platform between business' and the international community. The Government is engaged in ongoing dialogue with Swedish enterprises both in Sweden and abroad, mainly through its missions abroad, on the importance of addressing sustainable business issues.

Such efforts are also in accord with the Government's implementation of Sweden's policy for global development and its objective of equitable and sustainable global development.

Sustainable business is vital to efforts to achieve a range of social objectives and contributes to the transition to a green economy. Efforts by the business sector in this area play a major role in

achieving the National Environmental Quality Objectives and the Generational Goal approved by the Riksdag².

In its role as promoter of trade and investment (extension of export credit guarantees), owner (state-owned companies), purchaser of products and services (public procurement), aid donor (development), the Government is also expected to set an example and proceed on the basis of internationally recognised guidelines on sustainable business.

The Government's vision for sustainable business is:

- that all business enterprises sustain a long-term view of value creation and pursue operations that support and promote sustainable business – economically, socially and environmentally.

4. International CSR guidelines and standards

A brief survey of several internationally recognised sustainable business guidelines and standards follows below.

4.1. Initiatives by international organisations

4.1.1. OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are common recommendations from governments to enterprises. More than 40 governments have called on multinational enterprises to observe the guidelines in their operations. A number of other nations in addition to the OECD member countries have endorsed the guidelines.³ These were first adopted in 1976 as part of the OECD Declaration on International Investment and Multinational Enterprises, and subsequently renegotiated five times, most recently in 2011.

² Swedish parliament.

³ By November 2012, 44 countries had endorsed the OECD guidelines. The following are OECD member countries: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Mexico, the Netherlands, Norway, New Zealand, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, the UK and the USA. The guidelines have also been endorsed by Argentina, Brazil, Colombia, Egypt, Latvia, Lithuania, Morocco, Peru, Romania and Tunisia.

The OECD Guidelines for Multinational Enterprises: selected contents in brief:

General: Respect human rights, contribute to sustainable development and training opportunities for employees.

Information: Disclose adequate information on their own activities, products and services, both financial and non-financial.

Human rights: Governments have a responsibility to create conditions that enable individuals to enjoy their human rights, and to ensure that these rights are respected by public authorities and other government representatives. Enterprises must respect human rights in the countries in which they operate and conduct risk-based human rights due diligence assessments.

Working conditions: Respect the union rights of employees, cooperate in different ways with employees' representatives and combat child labour. Provide information about and mitigate adverse effects of closures.

Environment: Strive for continuous improvement. Protect the environment, public health and safety through the use of environmental management systems and the application of the precautionary principle. Develop and supply products and services with no undue environmental impacts.

Corruption: Do not offer bribes. Promote transparency and employee awareness of company policies against bribery.

Consumer interests: Provide information about products to consumers and establish procedures for resolving consumer disputes.

Science and technology: Endeavour to transfer technology and know-how to the host country.

Competition: Refrain from cooperating with competitors in ways that tend to restrict competition.

Taxation: Enterprises must pay taxes on time in the countries in which they operate and observe both the spirit and the letter of the law with regard to taxation.

Due diligence: A key concept in the guidelines is due diligence. This is a process implemented by enterprises in order to identify, prevent, mitigate and account for actual and potential adverse impacts relating to issues covered by the guidelines. Due diligence should form part of the enterprise's decision-making and risk management systems. A key component is materiality analysis, as the type and scope of the due diligence process depends on factors that vary from enterprise to enterprise. Here, too, enterprises should endeavour to prevent or limit adverse impacts even in cases where the enterprise is not itself responsible for the impact, but where the effect is directly linked to the enterprise's operations, products or services through a business relationship.

All countries that endorse the guidelines have entered into a binding commitment to apply them and encourage their implementation. Countries are also required to set up a National Contact Point (NCP). In addition to promoting and providing information on the guidelines, NCPs must also serve as a forum for dialogue and networking on issues relating to the guidelines and their implementation.

The NCP is also required to help resolve problems and disputes arising in connection with guideline application in individual cases.

Sweden's NCP is a tripartite collaboration between the Government, business organisations and employee organisations. The Government is represented by the Ministry for Foreign Affairs, which chairs the contact point. Other ministries are invited to take part. The business sector is represented by the Confederation of Swedish Enterprise and the Swedish Trade Federation. The employee organisations are represented by the Swedish Trade Union Confederation, the Swedish Confederation of Professional Associations, the Confederation for Professional Employees, and the trade unions Unionen and IF Metall. Sweden's NCP for the OECD Guidelines for Multinational Enterprises can be contacted through the Ministry for Foreign Affairs at www.regeringen.se/csr.

The revised 2011 OECD Guidelines for Multinational Enterprises are available in English and Swedish at:

www.oecd.org/investment/investmentpolicy/48004323.pdf

www.oecd.org/daf/inv/mne/MNEguidelinesSVENSKA.pdf

4.1.2. The UN Global Compact

The UN Global Compact is a network of enterprises, organisations and academies with headquarters in New York. Its purpose is to make enterprises aware of and take active responsibility for ten recognised principles in the areas of human rights, labour law, environment and anti-corruption. In addition to promoting the integration of these principles into enterprises' activities, the Global Compact encourages business involvement in broader UN initiatives such as the Millennium Development Goals. The initiative has over 10,000 participants, of which 7,000 are enterprises. The number of Swedish enterprises taking part in February 2013 stood at 143. There are also some 100 local networks working locally and regionally on sustainable business issues. Businesses participating in the Global Compact are required to communicate with their stakeholders on an annual basis in a Communication on Progress (COP), in which they report progress in implementing the ten principles and generally supporting UN development goals (there is a link here to the Global Reporting Initiative, see below).

The ten principles of the UN Global Compact:

Human rights

1. Businesses should support and respect internationally proclaimed human rights, and
2. ensure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and recognise the right to collective bargaining,

4. eliminate all forms of forced and compulsory labour,
5. abolish child labour, and
6. eliminate discrimination.

Environment

7. Businesses should support a precautionary approach to environmental challenges,
8. promote greater environmental responsibility, and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.

More detailed information on the ten principles of the Global Compact are available in English at:

www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html

<http://www.regeringen.se/sb/d/17198/a/209076>

4.1.3. The UN Framework and Guiding Principles on Business and Human Rights

In 2005, professor John Ruggie was appointed as the Secretary-General's Special Representative for Business and Human Rights. In 2009, professor Ruggie presented his framework: Protect, Respect, Remedy. He was then tasked by the UN with submitting proposals for implementing the framework. A proposal, the United Nations Guiding Principles on Business and Human Rights, was presented and adopted by the UN Human Rights Council in June 2011.

The framework is based on three guiding principles:

- states' existing obligation to protect individuals against violations of their rights by third parties, i.e. private actors, including business enterprises.
- the obligation of business enterprises to respect human rights, and
- access to effective legal remedies by those who believe their human rights have been abused.

The guiding principles apply to all states and to all business enterprises and entail the protection of all internationally proclaimed human rights. Internationally proclaimed human rights are enshrined in

the UN Universal Declaration of Human Rights, the UN International Covenant on Economic, Social and Cultural Rights, the UN International Covenant on Civil and Political Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. Examples include freedom of association, the abolition of forced labour and child labour, the right to non-discrimination and the right to a safe work environment.

Governments have been requested to implement the guiding principles and to adopt them as a basis for their work on human rights. At the very minimum, enterprises should respect internationally recognised human rights. “Business enterprises should respect human rights”; this means that enterprises “should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.” This may be regarded as a moral responsibility to meet society's expectations.

The framework applies to all enterprises. They have an obligation to pursue these issues regardless of size, sector, operational context, ownership and structure. To meet their responsibility to respect human rights, businesses should express their commitment through a statement of policy of respect for human rights approved at the most senior level of the enterprise (board of directors or CEO), and carry out human rights due diligence in order to identify, prevent, mitigate and account for how they address adverse human rights impacts which they may have caused or contributed to.

The UN Framework and Guiding Principles on Business and Human Rights is available in English at:

http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

4.1.4. ILO Tripartite Declaration on Rights in Working Life

The International Labour Organization (ILO) is the UN specialised agency for employment and working life issues. With its tripartite structure, the agency is unique within the UN system in that representatives of employers and employees take part in the agency's work on equal terms with government representatives.

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was adopted in 1977. The declaration has been endorsed by the OECD member countries, members of the ILO and employer and employee organisations. It establishes labour market, social and labour law legislation principles, which governments and social partners are recommended to take into account. Where these principles are linked to the OECD Guidelines for Multinational Enterprises, they run in parallel.

The ILO declaration is available in English at:

http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm

4.2. Initiatives from private organisations

4.2.1. The Global Reporting Initiative – sustainability reporting

Sustainability reporting is a procedure in which enterprises draw up reports on their activities and the sustainable business-related risks and opportunities arising in connection with their operations. The reports, which are often published along with the enterprises' annual reports and accounts, serve as background material for internal and external stakeholders, such as employees, owners and non-profit organisations, with the aim of promoting a better understanding of how the enterprise addresses sustainability issues.

One of the most widely used reporting instruments is the Global Reporting Initiative (GRI). GRI is a global framework for sustainability reporting that enables enterprises to measure, follow up and compare the long term sustainability of an enterprise's operations and its impact on society. Since 2007 all enterprises under state ownership in Sweden have been required to report on sustainability issues in accordance with the terms of the GRI framework.

May 2013 saw the launching of the fourth generation framework for sustainability reporting, GRI G4. The framework is the outcome of extensive stakeholder dialogue; of particular importance in the new framework is the emphasis on not reporting everything but focusing instead on the issues most important to the enterprise from a sustainability perspective. GRI G4 also sets out clearer requirements for transparency and value chain analysis and more stringent rules for descriptions of management systems and key indicators for suppliers.

The GRI website:

www.globalreporting.org

4.2.2. Guidance standard for corporate social responsibility – ISO 26000

ISO 26000 is a private voluntary guidance standard for corporate social responsibility (CSR) drawn up by the International Organization for Standardization (ISO) under the leadership of the Swedish Standards Institute (SIS) and the Brazilian Association of Technical Standards (ABNT). ISO 26000 can be used by all types of enterprises and organisations, regardless of size or geographic location. The standard is intended to encourage companies and organisations to follow voluntary guidelines and thereby contribute to a sustainable future. It is applicable to both public and private sectors. ISO 26000 is based on fundamental CSR principles: transparency, ethical conduct, and respect for stakeholder interests, the rule of law, international standards of conduct and human rights. The standard also includes a definition of CSR.

ISO 26000 has now (August 2013) been adopted as a national standard in 60 countries. Unlike other ISO standards, ISO 26000 cannot be used for certification. However, a number of countries have set

up their own certification schemes. In Sweden, SIS has developed a self-declaration for use by implementers of ISO 26000.

www.sis.se/tema/iso26000/

<http://www.iso.org/iso/home/standards/iso26000.htm>

4.3. Initiatives in the EU and Nordic countries

4.3.1. The European Commission's CRS Strategy

International organisations and national governments are increasingly adopting a more strategic, systematic approach to CSR implementation. An EU CSR strategy is now in place at regional level. This was adopted by the European Commission in October 2011. At the European Union level, CSR is clearly a key tool for achieving the goals set out in the EU's growth strategy for 2010–2020 – the Europe 2020 Strategy for smart, sustainable and inclusive growth. Almost all the 28 EU member states propose to draw up national CSR action plans and are actively engaged in national CSR programmes.

The EU CSR strategy, which covers the period 2011–2014, prescribes measures in eight main areas: enhancing the visibility of CSR and disseminating good practices; improving and tracking levels of trust in business; improving self- and co-regulation processes; enhancing market reward for CSR; improving corporate disclosure of social and environmental information; further integration of CSR into education, training and research; emphasising the importance of national, regional and local CSR policies; better alignment between European and global CSR strategies.

The EU intends to bring its CSR policies into line with the following internationally recognised principles and guidelines, which in its view constitute a global framework:

- OECD Guidelines for Multinational Enterprises,
- The ten principles of the UN Global Compact,
- The UN Guiding Principles on Business and Human Rights,
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and
- The ISO Guidance Standard for Corporate Social Responsibility, ISO 26000.

The strategy sets out two principal tasks directed at individual governments: to draw up a national list of measures and/or a national action plan outlining ways in which CSR work can help achieve the objectives of the Europe 2020 strategy, and to develop a plan for national implementation of the UN Guiding Principles on Business and Human Rights.

A further recently announced measure of interest to national governments is the legislative proposal put forward by the European Commission in April 2013, under which large enterprises will be required to include non-financial information and information on their diversity policies in their annual reports. The proposal will be debated in the Council of the European Union and the European Parliament.

The EU CSR strategy is available in English at

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>

4.3.2. Nordic CSR strategy

A joint Nordic CSR strategy was formally adopted by the Nordic Council of Ministers and launched in October 2012.

The strategy has two overall objectives: to strengthen the long-term competitiveness of the Nordic business sector in the sustainability sphere, and to strengthen Nordic CSR-related cooperation internationally.

These are to be achieved by focusing on three areas:

- promoting the use of internationally recognised standards and guidelines, in particular the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and ISO 26000,
- identifying risks and opportunities in global value chains, and
- strengthening reporting and communication practices in the enterprise sector in order to meet stakeholder expectations.

The Nordic strategy is available in Swedish at:

<http://www.norden.org/sv/publikationer/publikationer/2012-755>

5. The Government's role as an accountable actor

5.1. Trade policy and export promotion

Sweden is a strong advocate of free trade and sustainable development throughout the world. These are predicated on global free trade rules as well as effective national systems that ensure respect for international commitments in areas such as human rights, the environment, work requirements and anti-corruption, and sustainable business at global level. Government promotion of business and trade goes hand in hand with other key components of Swedish foreign policy, such as the promotion of human rights and poverty reduction. It is essential that Swedish promotion of trade and investment maintain a high ethical standard at all levels. Sweden and Swedish enterprises must be

able to serve as examples of how social and environmental responsibility can be integrated into business activities and used to competitive advantage. Sustainable business strengthens the interest and confidence in Sweden around the world.

There are various ways in which the Government can inform, encourage and assist enterprises in their undertakings. In the field of export promotion, for example, the Swedish Export Credits Guarantee Board (EKN) and Business Sweden (formerly the Swedish Trade Council and Invest Sweden respectively) are instructed to provide information on sustainable business, including the various relevant standards and guidelines. EKN is further instructed to follow OECD Recommendations on Common Approaches on Official Export Credits and the Environment, human rights, due diligence, as well as the OECD's rules on anti-corruption. The Swedish Export Credit Corporation (SEK) observes Common Approaches and the OECD's anti-corruption rules. SEK has signed onto the UN Global Compact and is actively concerned with lending-related sustainability liability issues in the sustainable financing focus area. SEK is concerned to ensure that projects and activities financed by the company meet international standards in terms of business ethics, the environment and social responsibility.

Free trade is a condition of sound economic growth and development. Promoting the business sector as an instrument for social development is a vital undertaking. Equally important is the active participation of Swedish enterprises and their adherence to sustainable business principles in weakly regulated markets. This is particularly important in markets whose governments have not endorsed international norms or social or environmental standards.

- The Ministry for Foreign Affairs and Sweden's missions abroad are actively engaged in sustainable business-related issues through seminars and workshops held in foreign markets and intended to heighten awareness, provide information and exchange best practices with a view to making a difference to people's everyday lives.
- The Ministry for Foreign Affairs actively promotes the OECD guidelines through the National Contact Point (NCP) and via public diplomacy (e.g. on twitter@swedenoncsr) to disseminate information and knowledge about sustainable business.
- Sweden has entered into a Memorandum of Understanding (MoU) with a number of countries on more structured cooperation on CSR. One example of this is the bilateral agreement between China and Sweden, under which a special CSR centre has been attached to the Swedish embassy in Beijing.
- Business Sweden is instructed to observe the OECD Guidelines for Multinational Enterprises, the UN Global Pact and the UN Guiding Principles on Business and Human Rights in its basic export service, in-service training and directed export promotion activities, and to actively seek to inform and encourage enterprises as part of its work of promoting sustainable business in accordance with established global guidelines.
- EKN is instructed to further develop its work on issues within the sustainable business framework and to inform its customers about the updated OECD Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human

Rights. The board is required to follow OECD rules on anti-corruption (OECD recommendation) and environmental/social matters (Common Approaches).

- The Swedish Institute (SI) Management Programme is a leadership training programme for young leaders from Europe, China and India. By inviting people in leading positions, such as established figures in the business world and/or opinion-makers in the private and public sectors, to take part in advanced leadership training programmes on CSR, the SI brings together people interested in further pursuing these issues in their respective fields of activity. This activity also generates networks both in the field of sustainability and in the business community, where Sweden plays an active and self-evident part.
- Ownership instructions issued to SEK by the Government in April 2012 included the requirement to take account in their credit assessments of factors such as the environment, corruption, human rights, work requirements and other relevant considerations. The company is also required to take part in work on liability issues, in accordance with the UN Global Compact. The Swedish Government's ownership policy for state-owned companies states that such enterprises are required to set an example in the sustainable development area, and to report their sustainability activities on an annual basis in accordance with the Global Reporting Initiative standard.

It is important to remember that EKN, SEK and Business Sweden operate under different conditions and frameworks. The fact that EKN is a government agency, SEK is a wholly state-owned company and Business Sweden is only partly under state ownership means that their scope for action and management tools differ in many ways. The same applies to their respective activities.

EKN:

www.ekn.se/sv/CSR/Ansvarsfullt-foretagande

Business Sweden:

<http://www.business-sweden.se/Om-oss/Om-Business-Sweden/CSR/>

Swedish Institute (SI):

www.si.se/Svenska/Innehall/Stipendier-och-utbyte/Ledarskapsprogram/Managementprogram

SEK:

www.sek.se/sv/Om-SEK/Samhallsansvar/

5.2. State-owned enterprises

The Swedish state owns 53 companies. Their total value in 2013 is SEK 570 billion. Corporate governance of Swedish state-owned enterprises is aimed at ensuring long-term value creation within these enterprises and, where appropriate, seeking to ensure that they fulfil their prescribed social functions.

State-owned enterprises are subject by their owner to special requirements and expectations with respect to sustainable business, as stipulated in the Government's corporate governance policy for companies under state ownership. The policy requires their boards of directors to define and adopt sustainability targets and integrate sustainable business into their business strategies. As of 2014, sustainability objectives will be followed up – as they are in the case of economic objectives today – in dialogue with the owner. Enterprises which are wholly owned by the Swedish state are required under the corporate ownership policy to observe the OECD Guidelines for Multinational Enterprises, the ten principles of the UN Global Compact and the UN Framework and Guiding Principles on Business and Human Rights. In the case of other state-owned companies, the Swedish Government will seek to ensure that the corporate ownership policy provisions are complied with.

The UN Framework and Guiding Principles on Business and Human Rights was a specific addendum to the corporate ownership policy for 2012.

To move sustainability work forward and encourage greater transparency as well as open dialogue with the owner and the company's other stakeholders, an explicit policy provision has been in place since 2007, requiring state-owned companies to submit sustainability reports in accordance with the international reporting standard, the Global Reporting Initiative (GRI). The Government plans to continue requiring sustainability reporting by state-owned enterprises in accordance with GRI.

In addition to the international guidelines which state-owned enterprises are required to follow with respect to the environment, human rights, working conditions, anti-corruption and business ethics, the sustainable business provisions of the Government's corporate ownership policy also cover gender equality and diversity. This means that state-owned company boards and senior management should serve as models for promoting gender equality, and that the enterprises themselves must take account of diversity issues in their activities and personnel policies. The aim here is equal gender distribution among board members. In 2012, 49 per cent of members of the board of wholly-owned state enterprises were women, while men accounted for 51 per cent. Forty-one per cent of board chairpersons were women.

- The boards of all 53 state-owned enterprises have been tasked with setting sustainability goals and integrating these into their business strategies in 2013. The goals must be relevant to the companies' operations, challenging, few and over-arching, monitorable, clear and simple to communicate.
- As of 2014, the state, in its capacity as owner, will follow up the companies' respective sustainability goals.
- The Ministry of Finance has initiated and headed a project involving the preparation of a report published in the summer of 2013 on the OECD and UN international guidelines. Its purpose is to make it easier for state-owned enterprises to adhere to the Government's corporate ownership policy.
- The Ministry of Finance has engaged in dialogue on the owner's expectations regarding sustainable business with all the board members and CEOs of the 53 companies. At the dialogue meetings, a number of board chairs and CEOs presented their thoughts and

initiatives on sustainable business. Ample space was given for dialogue between invited participants and the owner's representatives.

- Four times a year, representatives of all state-owned enterprises actively engaged in this area are invited by the Ministry of Finance to discuss the risks and opportunities associated with sustainable business, and to give the enterprises an opportunity to exchange experiences.

5.3. Social innovation and social entrepreneurship

CSR, social innovation and social entrepreneurship can be part of the answer to the question of how sustainable development in economic, social and ecological terms can take place. They encompass areas with future growth opportunities made possible by efficiency measures in society in the form of services and social innovations. Beneficial effects apart from the general benefits to society can be lower costs for enterprises due to reduced resource use, stronger brands and development of new products and services.

- The Swedish Agency for Economic and Regional Growth is currently implementing two programmes with a bearing on social innovation: one on cooperative development and the other on social enterprise. The purpose of the programme on cooperative development is to offer advice, training and information on starting up and developing cooperatives and work-integration social enterprises. The agency allocates SEK 34 million annually to this programme. The programme on social enterprise comprises measures aimed at stimulating social entrepreneurship and the development of social innovations.
- Social innovation and social entrepreneurship are given particular prominence in the national innovation strategy presented by the Government in the autumn of 2012. In the strategy, the Government stresses the importance of understanding and developing conditions favourable to social innovation and entrepreneurship as these can play an important part in meeting global and regional challenges. The reason for this is that social innovation and social entrepreneurship are largely concerned with human drives and motivations; on the basis of our social or environmental needs in the reality we live in, we take advantage of the opportunities we identify to create favourable social development at local, regional or global level.

The strategy also singles out social innovation and social entrepreneurship as important in reaching new markets, in view of the increasing focus on business and investment aimed at bringing about desirable social change. Among other things, it is a matter of recognising that the percentage of the world's population with the lowest incomes have substantial needs and, despite their limited individual purchasing power, collectively constitute major potential markets.

Developing conditions conducive to social innovation and social entrepreneurship is also regarded as important as the latter are making inroads into markets emerging in the

borderland between services previously provided by the public sector but are now increasingly offered by private producers.

5.4. Development Cooperation

All development assistance, whether directly or indirectly linked to the enterprise sector, must contribute to the achievement of Sweden's development assistance objective and be based on principles of efficiency and sustainable business, including respect for human rights. All Swedish development cooperation is informed by two perspectives: the perspective of poor people on development and a rights perspective.

Through its activities, the business community can help achieve Sweden's development assistance objective. Enterprises also contribute to the implementation of development assistance, as suppliers of goods, services and facilities, as advisers and dialogue partners, and as financiers.

Sustainable business can generate mutual benefits in addition to the contribution to development that the business sector is associated with, e.g. by generating employment and paying taxes. These include the development of a green economy, democracy and human rights, anti-corruption, gender equality and social inclusion. CSR is not a side issue in the development assistance context, but a tool for constructive action in these areas and a means of engaging different actors in the work of achieving overall development policy goals. Some examples of instruments and mechanisms implemented by the Swedish Development Cooperation Agency (Sida) with a direct connection to the enterprise sector are: development loans and guarantees, public-private development partnerships and challenge funds. Through Drivers of Change, Sida supports organisations that are driving changes in the private sector, such as sustainable business. The aim of this form of cooperation is to actively seek market transformation and promote production methods of high sustainability.

The regulatory provisions governing Sida's collaboration with the business sector state that international norms and guidelines shall be adhered to, and the agency's work be based on the UN Framework, the UN Global Compact and the OECD guidelines. The agency has drawn up a set of guidelines for its own CSR activities and developed due diligence systems for collaboration with enterprises. Sida's guidelines on procurement include human rights concerns. Follow-up and reporting of results (and risk and impact assessment outcomes) in the following areas – environment, gender equality, human rights, corruption and other social impacts – are integrated, along with Sida's financial results, into the agency's regular processes.

Swedfund's task is to contribute to poverty reduction through sustainable business. Swedfund is a state-owned bilateral development finance institution. Together with its business partners it co-finances investment in areas where access to capital and knowledge in the private market is limited. In addition to guidelines applied by Swedfund in its capacity as a state-owned enterprise, the company has approved the UN Global Compact and the UN Principles for Responsible Investment (UNPRI). Other policies and guidelines followed by Swedfund are specified in the company's yearly Sustainability and Annual Report. Its portfolio companies are additionally committed to observing a

number of international frameworks and conventions. Swedfund's owner (the state) makes clear in its instructions to the company that its investments must conform to international standards and principles for responsible investment.

- Sustainable business is defined in terms of active concern for the environment, human rights, work requirements, anti-corruption, business ethics, gender equality and diversity. These concerns are all integrated into Swedfund's operations within the framework of the ESG (Environmental, Social and Governance) criteria for sustainability. Swedfund follows up its work on ESG issues by conducting on-site visits and annual questionnaire surveys. Sustainability reports include survey responses regarding minimum wages, the right to join a trade union and standard working hours.
- In 2012, Swedfund's board of directors resolved that the company would be required to define its strategic sustainability objectives. Swedfund's strategic sustainability objectives are to be established in 2013, and followed up and reported on in 2014.
- In 2013, Sida launched a due diligence, sustainability assessment tool, the Sustainability Screening Framework (SSSF), for use by the private actors with which it collaborates.

5.5. Public procurement

New public procurement directives are currently being negotiated within the EU. These include giving the contracting entity more scope to use public procurement to support common social goals, such as environmental protection, greater resource and energy efficiency, combating climate change, innovation promotion, employment and social integration, as well as ensuring the best possible conditions for the provision of high quality social services. The Government's preliminary position is that the EU Commission's proposals, which offer greater scope and freedom to take account of strategic considerations, such as environmental, social and life-cycle costs, and allow innovative procurement including e-procurement, are a step in the right direction.

- One of the principal responsibilities of the state-owned Swedish Environmental Management Council (SEMCo), a company concerned with promoting voluntary improvements to the public and business sectors' environmental work, is to manage and develop systems for sustainable public and otherwise professional procurement. This assignment is to be based on the company's existing task: that of administering the internet-based tool for ecologically sustainable procurement, now called the SEMCo's sustainability criteria for procurement.
- Among other undertakings, the council has developed a tool for corporate social responsibility in public procurement (the CSR compass): www.csr-kompassen.se
- The Government is actively engaged in promoting environmentally sound public procurement. In its final report, *Goda affärer – en strategi för hållbar offentlig upphandling* (Good Business: a strategy for sustainable public procurement) (SOU 2013:12), the 2010 Procurement Inquiry proposed that work on criteria for social requirements and

considerations in public procurement be further developed. The Government Offices will follow up the inquiry's proposals.

6. Promoting sustainable business

As stated earlier, enterprises' primary commitment is to long-term value creation that will benefit owners, customers and society as a whole. Growing numbers of stakeholders, e.g. customers and consumers, expect enterprises to conduct their business operations in a sustainable manner. The Government encourages this and seeks to support enterprises in their efforts to attain this objective.

Below follows a brief account of how the Government works and intends to work in the four main sustainable business areas: human rights, working conditions, environment and anti-corruption. It is hoped that this will assist the private sector to act in accordance with the principles of sustainable business:

- In the Government's view, it is essential that Swedish enterprises use the international guidelines as a point of departure in their work of integrating sustainable business into their operations.
- The Government (Ministry for Foreign Affairs) plans to host a national conference in 2013 on the theme of sustainable business with the aim of promoting and informing businesses and other stakeholders on a range of issues including the importance and value of actively engaging human rights and anti-corruption issues.
- The Government wants to engage in dialogue on sustainable business-related issues with enterprises and their stakeholders in society.
- The role of the Government in this area is to move development forward, towards greater openness on the part of enterprises to matters of sustainability, e.g. in terms of relevant reporting on key risks and opportunities, challenges, objectives and results. The UN Secretary-General's High-Level Panel on the Post-2015 Development Agenda and the EU Commission have recently put forward new proposals to this effect.
- Sustainable business concerns are integrated into the Government's (Ministry of Finance) instructions to state-owned enterprises. The Ministry also engages in ongoing dialogue with the companies' boards of directors and maintains a network for operationally active employees and managers aimed at highlighting specific issues and deepening the debate on sustainable business.

6.1. Human rights

The obligation to ensure that human rights are upheld in practice rests first and foremost with each country's government. This presupposes a functioning judicial system, appropriate legislation, education and training, social support and other measures. The entire public administration as well

as the courts have a responsibility to ensure that human rights are respected. In Sweden, human rights are primarily protected by three laws in the Constitution: the Instrument of Government, the Freedom of the Press Act and the Fundamental Law on Freedom of Expression.

More information on human rights can be found on the Government's website, which also provides links to reports by the Ministry for Foreign Affairs on the human rights situation in other countries.

www.manskligarattigheter.se

Only governments can be held accountable for human rights abuses and violations. In the Government's view, it is essential that enterprises respect human rights in all aspects of their operations.

In 2011, the UN Human Rights Council adopted the Guiding Principles on Business and Human Rights (the Ruggie framework). Sweden embarked on the work of implementing these principles at national level in 2013.

- The Government Offices have begun work within relevant ministries on an internal inventory of the extent to which Swedish legislation conforms to the guiding principles directed at governments. Meetings have been held with representatives of enterprises and civil society as part of this process.
- The Government enjoins the principal actors that use government funds to support the internationalisation of Swedish enterprises to seek to ensure in various ways that businesses are informed of the human rights issue and apply international guidelines and recommendations in this area, including the guiding principles.
- The Government regards it as essential that all Swedish enterprises respect human rights, including those deriving from the fundamental ILO conventions on rights in working life, in all their activities. At the same time, the Government encourages enterprises to base their work to integrate human rights concerns on the UN's guiding principles, which provide a good point of departure.
- Sweden also supports global implementation of the guiding principles through its financial support to a number of leading international actors in the field.

The EU Commission has issued a guidance document on human rights for SMEs, based on the UN's guiding principles.

www.ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/human-rights/index_en.htm

In 2013, the EU Commission, working in collaboration with the organisations Shift and the Institute for Human Rights and Business, published a set of guidelines specifically for three sectors: the oil and gas extraction industry, temporary work agencies, and the information and communication technology (ICT) sector.

The guidelines may be found at:

http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/human-rights/index_en.htm

Information on enterprises and human rights is also available on the UN Global Compact website:

www.human-rights.unglobalcompact.org/

6.2. Internet freedom

An important issue for Sweden in the context of sustainable business is internet freedom. Internet freedom is a foreign policy initiative aimed at making it clear that human rights also apply on the internet. Its purpose is to help strengthen the international human rights framework, everywhere and for all. The Government accepts as a basic postulate the principle that the same rights apply online as well as offline. The same rights, responsibilities and obligations binding on individuals and governments in the physical world should also apply to the digital world. At Sweden's initiative, internet freedom has also been incorporated in the 2011 revised OECD guidelines for multinational enterprises.

Unfortunately, we see restrictions, surveillance, control and filtering on the internet, which also leads to people being watched and imprisoned, in contravention of human rights. Many people have been deprived of their freedom for expressing their views on the internet. Although Sweden does not consider that new human rights for the digital world are necessary, there is a need to clarify what human rights mean in the digital world context.

When we speak of human rights on the internet, freedom of expression and information are fundamental. The international framework for human rights establishes that everyone has the right to seek, receive and impart information and ideas through any media and regardless of frontiers (UN International Covenant on Civil and Political Rights, Article 19). This right, which may only be restricted in certain specified cases, is part of international customary law, which means it is binding on all states. The UN Human Rights Committee, the body of independent experts that monitors implementation of the Covenant, declared in a statement that Article 19 is applicable to the internet.

Enterprises active in the ICT sector play an important part in promoting respect for human rights and internet freedom. This applies across the entire ICT sector, including their business partners, suppliers and investors.

In practice, it is the responsibility of governments to ensure respect for human rights, and enterprises have an obligation to obey the law of the country in which they operate. In addition, enterprises have a moral responsibility to ensure that their actions do not undermine or conflict with human rights, e.g. freedom of expression or the right to privacy. International frameworks and national legislation may in some cases conflict with one another, which makes it more difficult for enterprises to pursue their human rights work online. In such cases, businesses may find it easier to be

transparent both with regard to the government requirements they are expected to comply with and their efforts to ensure that human rights are respected and observed.

Sweden encourages the establishment of voluntary guidelines developed in dialogue with the parties concerned in order to provide simple, specific guidance. For example, enterprises have come together to create shared networks. Similarly, at EU level specific plans are being drawn up for the implementation of the UN Guiding Principles on Business and Human Rights for the ICT sector.

- In June 2012, Sweden co-sponsored with a cross-regional group of countries a resolution on internet freedom in the UN Human Rights Council. The resolution was adopted by consensus.
- In May 2013, Sweden hosted an international conference on the theme of internet freedom in relation to global development for the second year in a row:
www.stockholminternetforum.se

6.3. Working conditions and terms of employment

Sweden's approach to labour law matters is based on the ILO fundamental conventions, which, among other things, address issues surrounding forced labour, freedom of association and the right to organise for employees and employers, the right to collective bargaining, equal pay and the abolition of child labour. The fundamental conventions are binding, and a follow-up mechanism is in place at the ILO.

- The Equality Ombudsman (DO), a Swedish government agency, works to combat discrimination and promote equal rights and opportunities for all. Among other duties, the DO exercises its supervisory powers to ensure that employers are actively engaged in upholding equal rights and opportunities at work regardless of gender, ethnicity, religion or other belief, and acts to combat discrimination on such grounds in working life. The DO is thus also indirectly responsible for furthering national efforts to promote sustainable business.
- Swedish labour law legislation permits social partners to deviate from legislative provisions by entering into collective agreements. This affords them the flexibility to adapt work requirements to the circumstances prevailing in a particular industry or workplace. In areas where legislation is absent, the social partners can agree to enter into other commitments that will enable CSR implementation in a manner appropriate to the individual enterprise or industry.
- In the 2010–2015 national action plan, Sweden has referred to the potentially favourable impacts of a good working environment, particularly on profitability and competitiveness. The action plan also gives prominence to CSR as an incentive for employers to actively enhance their capacity for organisational diversity.
- In a bid to encourage and make it easier for enterprises and public sector activities to improve work environments, even beyond the statutory requirements, the Government has

focused its efforts on wider information and knowledge dissemination. The Swedish Work Environment Authority has allocated increased resources to this end, and work environment certified workplaces are now listed on the authority's website.

6.4. The environment

Environmental challenges are global in scope, and international environmental policy today affects both security and trade policy. The impact of environmental problems on security policy, e.g. the risk of conflicts over access to water and raw materials, are a matter of growing concern.

Work undertaken by enterprises to develop solutions to environmental issues is crucial to the achievement of the Environmental Quality Objectives and the Generational Goal approved by the Riksdag. Enterprises can contribute to a better environment both nationally and internationally through their work on CSR. The Generational Goal states that the overarching objective of Sweden's environmental policy is to hand over to the next generation a society in which the major environmental problems in Sweden have been solved, without causing increased environmental or health problems outside the country's borders. The goal provides guidance on values that need to be protected and the transition which society will need to undergo if the desired environmental quality is to be achieved. Achieving it requires an ambitious environmental policy in Sweden, the EU and globally. The Generational Goal is a guide to environmental work at all levels of society.

There are a number of initiatives that support efforts to develop and integrate CSR.

- One example of this are dialogues with the business community on climate and chemicals-related issues. The ongoing development of a national roadmap for a Sweden without climate emissions by 2050 is an important undertaking. Achieving zero net emissions will require a major social transformation and extensive, active dialogue.

In December 2010, the Swedish Government commissioned the competent authority, the Swedish Chemicals Agency, to draw up and implement a national action plan for a toxic-free everyday environment. Among other measures, the plan involves establishing dialogues with enterprises in priority industries with a view to promoting their work on product choice as a means of avoiding hazardous substances. The Chemicals Agency has given priority to efforts undertaken by the enterprises themselves to substitute hazardous substances. The action plan specifically targets the toy, cosmetics and textile industries. These industries engage in dialogues and have agreed on monitorable information, training and substitution targets.

- In 2013, the Swedish Environmental Protection Agency presented Sweden's national waste management plan along with programmes for waste prevention. The plan, based on a wide-ranging consultation process, sets out objectives and measures in five priority areas. Achieving the objectives is conditional on cooperation among the following actors: municipalities, government authorities, the business sector and the research community. Many of the measures outlined in the plan are based on voluntary participation.

- The need for international cooperation on information about chemicals in products is an issue that has been actively pursued by Sweden and the EU through the Strategic Approach to International Chemicals Management (SAICM), a global forum for collaboration between actors interested in achieving safe chemicals management. Also under way are efforts to eliminate lead in paints, gather information on best practices for the management of hazardous chemicals in electronic and electrical products, continue exchanging information on nanomaterials and nanotechnologies, and address the issues of perfluorinated compounds (PFCs) including a transition to safer alternatives. It was resolved at SAICM's third high-level meeting held in September 2012 that the Chemicals in Products (CiP) project should draft a proposal for a voluntary international programme on information on substances in products by 2015. Among other items, the programme will include guidance on what information on substances in products can be transferred to actors in the supply chain, and under the products' entire lifecycle, and on ways in which this transfer can take place.
- Both the Environmental Protection Agency and the Swedish Environmental Research Institute (IVL) cooperate with the enterprise sector on issues relating to efficient resource utilisation. IVL has established a Centre for Efficient Resource Utilisation in Sweden, CERISE, as a forum for exchanges of information and good examples with a range of prominent Swedish enterprises. In 2010, the Environmental Protection Agency and representatives of the business sector formed a liaison group to address EU-related issues. Its purpose is to analyse the significance of a given issue for Sweden's environment and Swedish competitiveness, gather knowledge and exchange experiences, analyse and assess EU Commission initiatives, and make it easier to formulate Swedish positions in upcoming negotiations in the Environment Council and subsequently between the Council and the European Parliament.
- The Government regards it as essential that Swedish enterprises follow the OECD Guidelines for Multinational Enterprises and adhere to the principles of the UN Global Compact as tools for dealing with environmental challenges. The OECD guidelines state that enterprises should take account of the need to protect the environment and pursue their activities in ways that contributes to sustainable development. The principles of the Global Compact offer enterprises and industries a tool for meeting environmental challenges such as waste and chemicals management and pollution.

6.5. Anti-corruption

Corruption is a global phenomenon that affects states, enterprises, international organisations and individuals. It is both a political problem and a power issue. In a few short years, corruption has gone from being a little discussed issue to the stage where it is now regarded as one of the greatest social problems of our time.

Corruption through bribery is a widespread phenomenon in international business relations. When it undermines good governance and economic development, it is highly damaging. It threatens the legitimacy of the rule of law, impairs trust in important social institutions and weakens confidence in

market economy processes. Corruption leads to inefficient resource allocation and hence major welfare losses for society. It hampers trade and investment since enterprises are less interested in investing in countries or regions where corruption is widespread, which in turn hinders economic development and undermines democracy. Corruption tends to hit the poorest in society to the benefit of the richest.

International cooperation in fighting corruption has intensified in recent years and a number of important agreements have been entered into. These include the 2003 UN Convention against Corruption, ratified by Sweden in 2003, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, ratified by Sweden in 1999, and the two Council of Europe conventions, both of which were ratified by Sweden in 2004. Sweden attaches great importance to international cooperation on anti-corruption and is working actively for implementation of the conventions and dissemination of its contents to relevant parties.

Sweden, together with a number of other countries has set up an internet portal, the Business Anti-Corruption Portal, an initiative financed by these countries through an annual grant. The portal, which features information in English, German, Chinese, Russian and Arabic, is aimed at enterprises seeking information on the incidence of corruption in different countries, tools for due diligence, etc.

- The anti-corruption portal will be extended by 33 countries in 2013. See more at www.business-anti-corruption.com.
- In Sweden, new, reformed anti-bribery legislation came into force on 1 July 2012. Under its main provision, anyone who receives, accepts a promise of or demands an improper reward, or gives, promises or offers an improper reward will be sentenced to a fine or imprisonment for a maximum period of two years for receiving or giving a bribe. Two new corruption-related offences have also been introduced under the new legislation: trading in influence and negligent financing of bribery.

APPENDIX

Sustainable business –practical advice and tools

Increased internationalisation and globalisation means that Swedish enterprises are operating in a growing number of countries, including those in which attitudes towards and respect for human rights, for example, differ from Swedish views and internationally recognised norms. In the Government's view, however, the main issue is not *whether* Swedish enterprises in general should be active in such markets, but rather *how* they should act. However, operations in markets of this kind demand greater awareness from enterprises of the challenges and ethical dilemmas that may arise. It is therefore vital that businesses carry out systematic reviews of the potential risks and engage in active dialogue with their stakeholders.

The role of the Ministry for Foreign Affairs in the CSR field is partly to represent Sweden in international organisations working on CSR issues, and in part to act as a discussion platform and knowledge and information disseminator. The Ministry's current focus is on putting existing guidelines on sustainable business into practice and actively seeking to make a difference in countries where Swedish enterprises are active. The Ministry in Stockholm works closely on these issues with our missions abroad.

The missions abroad have a part to play as sources of knowledge and information on general market conditions and as dialogue partners for Swedish enterprises on the ground. In addition, enterprises can always contact the group Sustainable Trade and Business at the Ministry for Foreign Affairs (www.regeringen.se/csr) should questions or problems arise abroad.

SCR evaluation tools for Swedish enterprises operating in foreign markets

Below follows a non-exhaustive list of concrete CSR tools which Swedish enterprises can make use of in their activities, particularly in markets where capacity and conformity with international norms and standards is limited. The tools, which are intended for small, medium-sized or large enterprises, are designed to make it easier for businesses to self-assess how well they comply with international standards for sustainable business and thereby minimise the risk of infringing existing ethical guidelines.

General CSR evaluation tools

The Global Compact Self-Assessment Tool is a good tool to start out with as it is equally suitable for small, medium-sized or large enterprises in all sectors, and helps enterprises to assess their strengths and weaknesses in relation to the ten principles of the UN Global Compact: on human rights, labour law, the environment and anti-corruption. Enterprises can save their replies and use the results for further follow-up, benchmarking and reporting. The questionnaire form is designed for internal use and the replies serve to identify areas in which there is room for improvement in terms of how closely the enterprise is adhering to the Global Compact principles.

The tool is in English and is available free of charge online at the UN Global Compact website.

Evaluation tools for human rights

The Danish Institute for Human Rights (DIHR) has developed tools that can be used by enterprises to assess their own compliance with human rights standards.

The Human Rights Compliance Assessment (HRCA) is a comprehensive tool in the form of a checklist containing over 200 questions and 1 000 indicators. Its purpose is to help enterprises assess the risks they face with regard to respect for human rights in the course of their business activities. The questions cover over 80 UN and ILO conventions on human rights and can be used to evaluate an enterprise's impact on human rights for employees, customers and local populations. After completing the checklist, the enterprise can receive a report identifying areas of activity in which it complies with the human rights conventions and areas where there is room for improvement.

The HRCA Quick Check is a free, condensed version of the HRCA. Quick Check, which comprises a selection of questions from the HRCA, is designed to give enterprises an overview of the risks they may encounter in the course of their activities.

The China Business and Sustainability Check is a checklist containing 28 questions and 245 indicators to help enterprises identify and evaluate how closely they comply with international human rights standards when carrying out their activities in China.

The Organisational Capacity Assessment Instrument (OCAI) developed by Global Compact Network Germany contains 22 questions based on the UN Framework for Business and Human Rights. The questionnaire form is available free of charge on the internet and can either be filled in online or downloaded as a PDF file. If the enterprise chooses to fill in the form online, it can receive a summary of the results which can be downloaded and used for follow-up and strategy development purposes.

Environment

The CSR Compass, a tool for use by the public and private sector, is designed to help enterprises deal with social and environmental challenges arising in connection with public procurement and the supply chain. The Compass is intended for enterprises in the manufacturing, trade and service sectors. The tool features practical advice, field studies, templates, a compilation of industry-specific codes of conduct in the CSR field. www.csrkompassen.se

Climate Compass has created a tool that helps enterprises develop a climate strategy and calculate their CO₂ emissions. The CO₂ calculator inventories greenhouse gas emissions and can be used to compare an enterprise's CO₂ emissions year by year. This enables enterprises to gain an overview of opportunities for reducing emissions and the results can be included in the company's climate report. The Swedish website was developed by the Confederation of Swedish Enterprises in cooperation with the Confederation of Danish Industry.

Anti-corruption

The Ministry for Foreign Affairs together with a number of European countries allocates funding for an anti-corruption portal. Visitors to the portal can access information on problematic countries. The information displayed is open source, compiled by a consultancy firm.

The anti-corruption portal provides access to a due diligence tool aimed at small and medium-sized enterprises with operations in developing countries. Its purpose is to help enterprises avoid and combat corruption. The tool comprises a number of flow charts giving enterprises an overview of situations where they may be at risk of becoming involved in corruption. The information can be used to prevent such situations from arising.

Work requirements

The ILO helpdesk is a one-stop shop that provides information on and a compilation of resources and tools for enterprises needing advice on aspects of work requirements. The helpdesk can also be contacted by telephone or email.

<http://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm>