

M&E of Environmental Standards Compliance

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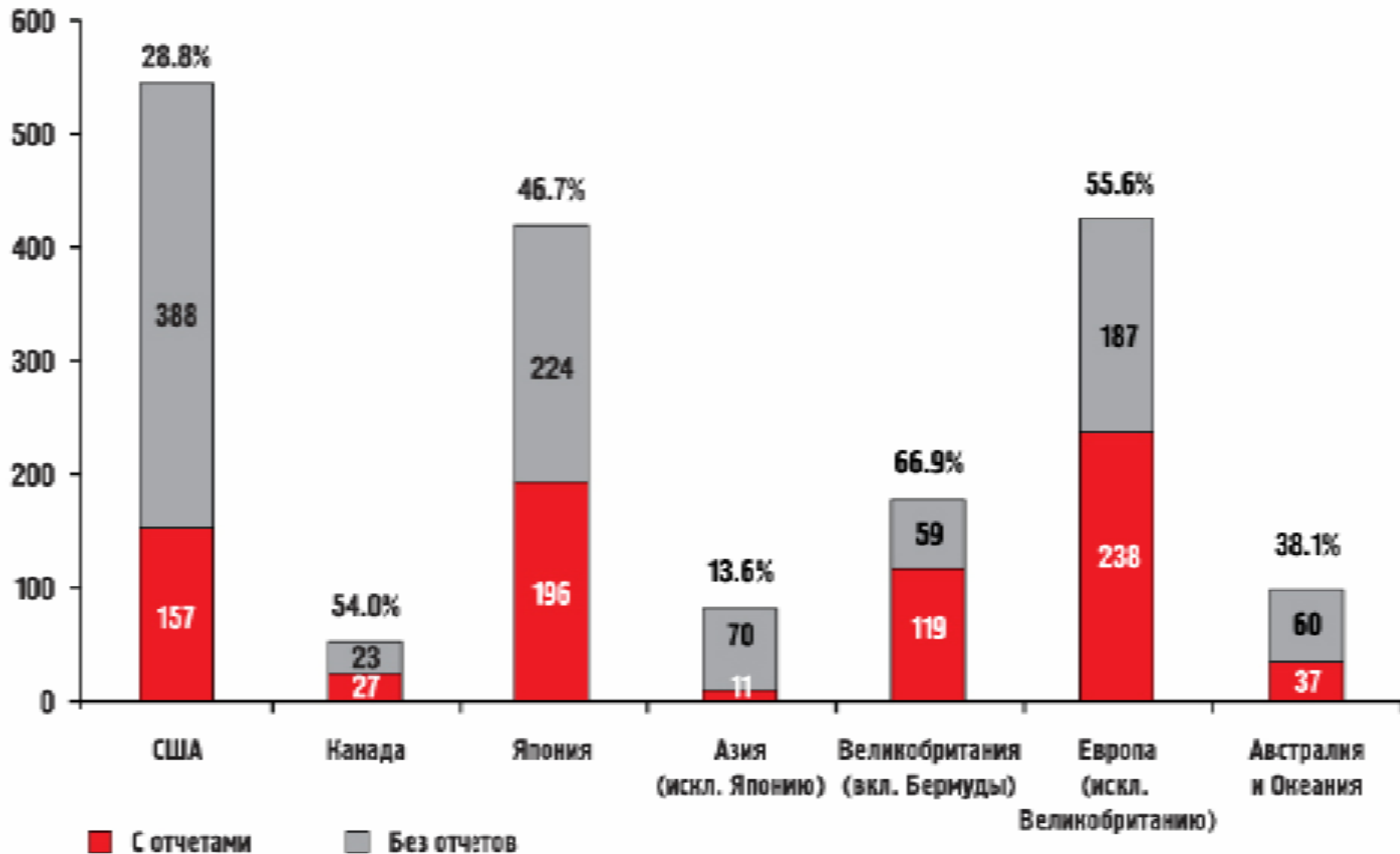
Relevance of the Topic

- Most of the international organizations insist on the private sector compliance with a set of rules on reporting.
- However, business often has its own interests depending on its business goals.
- Detailed requirements are often too burdensome for many of the governments, who have their own national standards

Number of companies producing social reports by country

*Компании, входящие в DJ STOXX Global 1 800 index

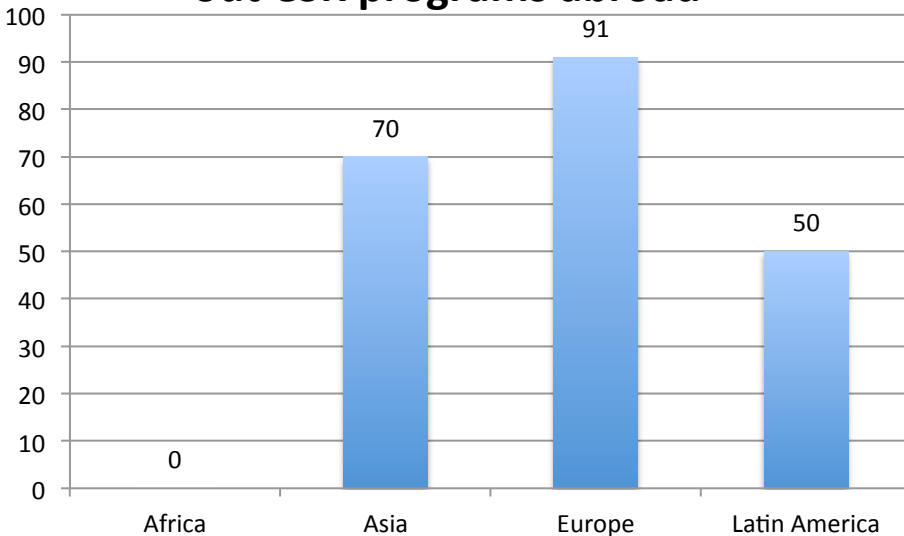
количество компаний



CSR Projects Implemented Abroad

More than 40% of mining companies' CSR programs is implemented abroad

Figure - The share of companies, carrying out CSR programs abroad



The share of the income, retained by the companies from abroad	The share of CSR finance for foreign projects
Less than 10% of the total volume of the income	2%
From 10% to 50% of the total volume of the income	14%
More than 50% of the total volume of the income	25%

Table - The share of the income, gained by the companies from abroad and the share of resources allocated to finance CSR projects abroad

Source: Giving in Numbers, CECP, 2019. P. 21.

Source: Giving Around the Globe, CECP, 2019. P. 14.

Note: The study involved 54 companies, which represent such industries as pharmaceuticals, financial and insurance services, energy, manufacturing and mining, communication, from such countries as Australia, Belgium, Brazil, China, France, Germany, India, Mexico, Republic of Korea, the Russian Federation, the Republic of Singapore, Republic of South Africa, Spain, Switzerland, UK.

Why M&E of Business Compliance with the Environmental Standards is Vital?

1. By tracing its environmental and social performance business gets position of socially and environmentally responsible market participant.
2. M&E practices expand the options of increase in openness, transparency and accountability.
3. M&E practices often serve as business confidence tool, which helps to increase the loyalty of a wide range of stakeholders.
4. Social and environmental reporting improves corporate reporting in a whole and increases corporate ratings.
5. Stable positions in international corporate ratings often help business to be more attractive for investors.

Measuring the Environmental Standards Impact

- **Why?**
 - social and environmental investments (SEI)
 - meeting the requirements of environmental and labor legislation
- **Challenges:**
 - lack of consistency and quality of statistical information (the shortage of systematic and consistent observations of specific environmental and social parameters),
 - volatility of data over time
 - measuring long-term effects CSR projects at the macro level (GDP, life expectancy at birth, etc.)
 - different goals (strategic business goals vs. interests of business' internal and external stakeholders)

International and National Provisions on Environmental Standards M&E

- International provisions
 - ISO14000, SA 8000, OHSAS1800, AA1000, Global Compact, GRI.
- National provisions
 - in EU countries environment standards compliance is associated with compulsory activity of the private sector
 - in USA environment standards compliance is often undertaken by business on its own initiative

How to Make Evaluation?

Methods:

- **SROI (Social Return on Investment)**
 - assesses the social and environmental impact - the results of investments, describing the changes taking place, based on the perception and assessment of individual stakeholders, and, if possible, presenting quantitative results of indicators.
- **SIA (Social Impact Assessment),**
- **SRA (Social Return Assessment),**
- **SCBA (Social Costs-Benefit Analysis),**
- **SVA (Stakeholder Value Added).**
- **Dow Jones Sustainability Index**

Stakeholders:

- **IAIA, International Association for Impact Assessment.**
- **Coalition of Environmentally Responsible Economies (CERES),**
- **Institute for Social and Ethical Responsibility (ISEA).**
- **Social reports provide an opportunity to demonstrate social responsibility, but do not imply an assessment of the effectiveness of CSR,**
 - companies do not perceive them as a management tool and do not understand how to assess the effectiveness of social investments implemented within the framework of CSR.

Conclusions

- Most of the international organizations and NGOs insist on private sector compliance with a set of rules on reporting
- Business has often its own goals with respect to different stakeholders
- Disclosure of environmental and social information for active and perspective investors improves the financial stability