

SGS SUPPORT DENMARK'S IFU ON DEVELOPMENT OF CSR CAPACITY IN WESTERN AFRICA

ISSUED – APRIL 2013

The Investment Fund for Developing Countries (IFU) is based in Denmark. IFU is a fund designed to support industrialisation in developing countries. It provides share capital participation and loans, and offers guarantees on commercial terms for investments in production or service companies.

Established in 1967, IFU has a legal mandate to promote economic activity in developing countries in collaboration with Danish trade and industry. The Danish Minister for Development Cooperation appoints the supervisory board and managing director of IFU.

"We were delighted to support IFU with their CSR Performance Review programme. We were able to contribute global knowledge of standards, protocols and conventions with local knowledge of regulatory requirements from our team in Western Africa who understand local culture and norms."

Dr Colin Morgan, Global Product Manager – Social Responsibility, SGS

SGS CORPORATE SOCIAL RESPONSIBILITY (CSR) PERFORMANCE REVIEWS

SGS provides CSR Performance Reviews on a range of West African companies for IFU, delivering the following services:

- SGS collaborated with IFU to develop the CSR Review methodology, which was based on ISO 26000, Global Compact and Social Accountability auditing and performance foundations
- SGS undertook initial reviews of the invested companies' documents and used this analysis to shape company onsite review visits

- SGS visited each company and interviewed management and employees to evaluate the CSR performance level. This supported management to further develop and enhance their systems and improve performance
- SGS visited companies in fast growing countries such as Ghana, Nigeria, Benin and Liberia

ENSURING COMPLIANCE, DRIVING ORGANISATIONAL PERFORMANCE

The overall purpose of the CSR reviews was to support the CSR capacity development of the invested companies. This enabled IFU to focus resources and ensure companies operated in compliance with local laws and international norms. It made transparent that the companies were behaving within the expectations of the IFU CSR Policy and Guidelines.

IFU recognise that CSR is a key component of a company's development strategy. The collaboration between IFU and SGS help companies with the drive to continuously strive for improvement meet their goals.

DEVELOPING A TRUSTED APPROACH

IFU commissioned SGS, who have significant experience in developing CSR review programmes globally, to support the development of a robust methodology to verify the CSR performance of the invested companies.

SGS acted as the external reviewers. This meant SGS worked directly with the invested companies on behalf of IFU. In order to build a trusted relationship, it was critical that the team SGS placed in Western Africa adopted an appropriate approach.

SGS' approach combined rigour and challenge, support and guidance, with transparent evaluation that ensures CSR performance is robustly evaluated. Following this approach allowed the invested companies to benefit positively from the CSR reviews and ensured compliance and performance against international norms.

THE BENEFITS TO IFU

IFU gained a thorough due diligence of their companies and confirmation that their investment was supporting the social aims of international development through their invested companies.

SGS' customer-focused team of local experts in Western Africa directly benefited IFU. The team gave IFU a strong, knowledgeable and easily accessed skilled base that could work supportively with IFU companies. The SGS team brought extensive CSR experience that is still challenging to find in some parts of Africa.

For IFU, the experience confirmed SGS could deliver comprehensive understanding of local compliance issues and international norms, and how they impact upon the communities of Western Africa. This meant the CSR reviews proved a win-win situation for the invested companies and SGS.

"IFU has received positive feedback on the CSR reviews from several companies. It seems that a review of CSR performance such as this is valuable for both IFU and the companies reviewed. Specific actions have been suggested for all companies to further improve, and as a follow-up to the review each project company has been asked to evaluate its review report and take appropriate action on the recommendations."

Carole Welton Kaagard, Corporate Social Responsibility Advisor, IFU

COMPREHENSIVE SUPPORT

IFU invest in a wide range of companies in developing countries and have a clear commitment to ensuring that its companies operate responsibly and adopt a progressive approach to CSR.

Positive performance in CSR acts as an anchor for the IFU investment. The twin programme objectives for SGS were to evaluate the CSR performance of the companies, and to provide onsite support and advice to further improve their strategic planning and CSR implementation.

SGS' CSR reviews focused on a number of key areas across a broad spectrum of the activity of the invested companies. SGS undertook an evaluation of the core sustainability areas across environmental, social and economic related impacts; and analysed the strategic CSR approach of the companies. The review also included policy and performance on human rights, labour rights, environment and business ethics concerns such as anti-corruption.

SGS completed a comprehensive review of the companies' CSR policies, reports and systems and measured them in comparison to the expectations of IFU. After each review stage a report was issued to the invested company and to IFU. This was done to ensure that all parties were clear of CSR performance and evaluation progress. Towards the end of the programme, SGS visited IFU's headquarters in Copenhagen and delivered a one-day interactive workshop to IFU senior management on the CSR review results and main findings.

Following the workshop a final report was delivered to the IFU Executive team and issued to all of the invested companies. The report outlined an overall summary report and highlighted performance and improvement opportunities.

"With the growth in African economies, we were positioned to use our expertise to support further sustainable development that will continue growth in Africa. This programme demonstrates that SGS are well positioned to work with companies across the world on commissions for CSR reviews. We are able to improve operations for company investments or extensive and complicated supply chains. SGS offer a range of services to developing countries and their companies to position them to enhance their sustainability, including sustainability communications guidance, CSR reviews and certification against globally recognised standards."

Dr Colin Morgan, Global Product Manager – Social Responsibility, SGS

CREATING CLARITY AND BENEFITING INVESTMENT ORGANISATIONS

This case study applies solely to the SGS support of the IFU Investment Funds for Developing Countries; however, other investment funds for sustainable development can benefit from the clarity that external support and verification offer.

For any organisation that invests in companies, from any perspective, the approach of SGS ensures due diligence before investing or throughout the investment cycle.

Organisations who include CSR reviews in their strategy have the opportunity to positively influence improvements on the CSR performance across invested companies.

Investment companies can use SGS' extensive knowledge of global standards, such as ISO 26000, to ensure compliance to sustainability performance and international norms for labour rights, etc. This not only grows investment returns but enhances reputations and relationships.

SGS has a global network of CSR experts with local knowledge of how companies can improve operations and deliver leading CSR performance.

In the increasingly important area of CSR, SGS are supporting companies worldwide to follow a flexible and rigorous approach to investing in companies.

WHY SGS?

SGS is the world's leading inspection, verification, testing and certification company. SGS is recognised as the global benchmark for quality and integrity. With more than 75 000 employees, SGS operates a network of over 1 500 offices and laboratories around the world.

Enhancing processes, systems and skills is fundamental to your ongoing success and sustained growth. We enable you to continuously improve, transforming your services and value chain by increasing performance, managing risks, better meeting stakeholder requirements, and managing sustainability.

With a global presence, we have a history of successfully executing large-scale, complex international projects. Our people speak the language, understand the culture of the local market and operate globally in a consistent, reliable and effective manner.

TO LEARN HOW SGS CAN HELP YOUR ORGANISATION WITH CORPORATE SOCIAL RESPONSIBILITY VISIT WWW.SGS.COM OR CONTACT CERTIFICATION@SGS.COM FOR MORE INFORMATION

WHEN YOU NEED TO BE SURE

SGS