

Entrepreneurs with Christian values : training handbook for 12 modules

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Entrepreneurs with Christian Values

Training Handbook for 12 Modules

Values-driven Entrepreneurs Training VET Doc 2

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Globethics.net China Christian Series No. 3

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Training Handbook for 12 Modules

Christoph Stückelberger, Cui Wantian,
Teodorina Lessidrenska, Wang Dan, Liu Yang, Zhang Yu



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Globethics.net China Christian Series No. 3

Globethics.net China Christian Series

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PREFACE

What are the key drivers and motivations to lead a company as an entrepreneur, be it as an owner or as a manager? To gain profits and sustain the company? Create jobs and serve stakeholders? Accumulate power to increase influence and impact? To sustain the planet's resources and the environment?

“Entrepreneurs with Values” – the title of this book – are committed to be faithful to their vision, values and convictions. They decide about profit, people, power and the planet in the light of their values. This means responsible, credible, long term oriented leadership.

The “Values-driven Entrepreneurs Training” VET is a fascinating and ambitious program first for Christian Entrepreneurs in China, especially Small and Medium Enterprises SMEs, hence the subtitle “with a Focus on China”. It can also be used for SMEs from different values background and on different continents.

This handbook is the result of a three-year *international cooperation* between the global ethics foundation, Globethics.net, based in Geneva/Switzerland, and the Kingdom Business College (KBC) based in Hong Kong and its Chinese entrepreneurs. It is the fruit of an intense cooperation between Chinese, Swiss and US experts and including Chinese Christian entrepreneurs who contributed the manifold questions and topics in the handbook they wanted to answer as practitioners.

This VET book is a Handbook for Trainers and Students (mainly Entrepreneurs who follow an Executive Master of Business Administration EMBA). It is a document that shall present all detailed information and requirements concerning the VET Criteria (ethical Compass) and Indicators (practical Roadmap). It gives the background information about the

Christian-biblical foundation together with the relevant sustainability context and practical indicators for implementation.

The twelve chapters serve as *twelve modules*. A *version in Chinese* will summarize it in a short and practical way for the direct use of the student-entrepreneurs.

Being an entrepreneur with values is very demanding in daily decision making. This handbook lists manifold requirements, standards and suggestions. But VET emphasizes a step by step approach: not everything can be implemented at the same time and in the short term. More important is a plan and the goals for each year to improve one at least one of the topics in the twelve sections. Therefore, this handbook does not intend to discourage, but on the contrary to encourage for little steps. Jesus' ethical benchmark of the beatitudes in the Sermon on the mount (Matt 5:3-11) is very high and at the same time he told his disciples "My burden is light" (Matt 11:30). To follow ethical goals with perseverance motivates and makes it joyful to be an entrepreneur.

We hope that this book encourages to values-driven entrepreneurship in a Christian perspective. Do not hesitate to send us your feedback and suggestions to Christoph Stueckelberger (stueckelberger@globethics.net) or Cui Wantian (moses-2004@163.com).

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1 August 2016

CREED OF CHRISTIAN ENTREPRENEURS

This creed was formulated in 2013 by Christian entrepreneurs in China.

1. We believe in the triune God: God (the Father) as creator, God (the Son) as liberator and God (the Holy Spirit) as sustainer. God cares for us and the whole world.
2. We declare that the Lord Jesus Christ is the only one we believe in, depend on and love.
3. We trust in the guidance and help of the Holy Spirit, the counselor sent by the Lord Jesus Christ.
4. We believe that the Bible is God's Holy Word. We believe in constant prayer and love for one another among all the believers.
5. We are thankful to be called and elected by the Lord Jesus Christ to serve the kingdom of God as the community of love. We believe that we are justified by faith and our sins are forgiven by confession and repentance. We believe that we witness by living out the Word, and we shall receive the blessing of eternal life.
6. We believe that we are stewards of enterprises and resources entrusted to us by God; we are not the owners. We are convinced that we are to manage and administer the enterprises in a godly way.
7. We believe that the enterprises and resources entrusted to us by God, and those that will be entrusted to us, are our calling, which we will

- obediently follow all through our lives. We will not abuse God's name or God's power.
8. God's glory and praise, the Halleluiah, is our destiny. Our mission in life is to be good stewards and shepherds for Jesus Christ, to make our products and services witnesses for God, to build His enterprises into fields of ministry, to let work be service and life be worship, and to witness to God's grace and salvation in the enterprise operations.
 9. We believe that all people are equal, each one has different gifts, and all believers are in one family. We believe that all human beings have great dignity and value from God, and we have the power and authority entrusted by God to achieve freedom and happiness not only for ourselves, but also for others and especially for needy people.
 10. Emmanuel – God be with us: This is our goal. We know that only by operating the enterprises according to the will of the all-knowing, all-powerful, and all-loving Lord Jesus Christ, we can walk through the trails of the wilderness, cross the valley of death, and serve God's kingdom through business.
 11. God builds communities. Christians can live their faith only in community and union with other Christians. They encourage, correct, orientate and support each other. This is the foundation and reason for building church communities and belonging to the worldwide church as the body of Christ.
 12. The Lord Jesus Christ is love. We believe that love is the only way in our business, our living, and our lives. Love enables us to enjoy cooperation, peace, and harmony.

The Creed is also published in Cui Wantian/ Yahya Wijaya/ Christoph Stückelberger, Christian Faith and Values. An Introduction for Entrepreneurs in China, Globethics.net 2013, download for free www.globethics.net/publications, China Christian Series no. 1.

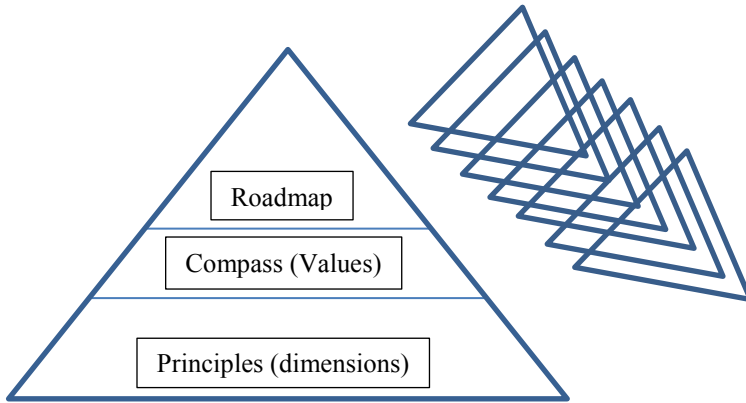
INTRODUCTION

How to become, be and remain a good Christian entrepreneur, employee and enterprise? This is the starting question and motivation for the Values-driven Entrepreneur Training (VET). VET is a tool to help find strategic, practical and measurable answers to this question. It is an everlasting process of learning, education, failures and progress.

The VET Certificate is built upon three interconnected elements (represented below as three levels, from general to concrete):

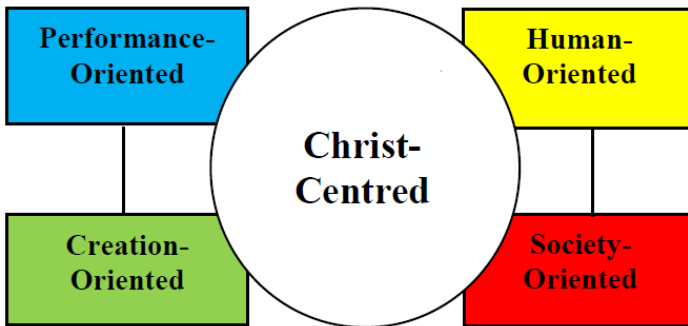
- **Principles:** Five Christian principles of orientations and five sustainability principles. They are then concretised in twelve criteria/topics.
- **Compass:** Christian values, biblical references based on questions
- **Roadmap:** measurable indicators, good practices, recommended technical approaches and implementation actions and performance requirements

The three elements together form the VET framework for Christian excellence and sustainable performance and development in accordance with the highest Christian values and norms.



01 Principles

01.1 Five Ethical Principles



1. Christ-centred: Jesus Christ (the triune God) is the cornerstone of orientation for all sectors of life including professional life.

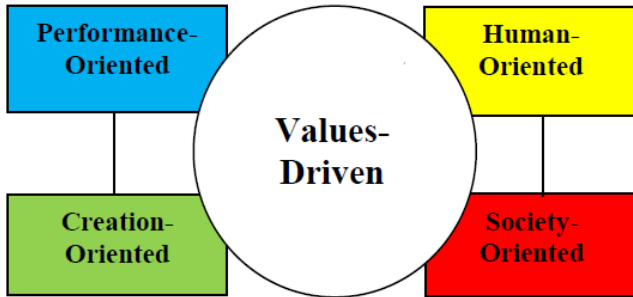
2. Human-oriented: Economy should serve people, meet their (basic) needs and promote equity/justice. Profit is not a goal, but a necessary means to better serve people.

3. Performance-oriented: high quality, secure, innovative, efficient, reliable, long term products and services.

4. Creation-oriented: environmental protection, careful use of limited resources.

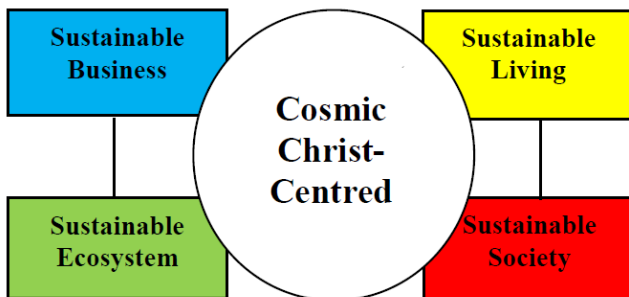
5. Society-oriented: economy and business are services for all stakeholders in order to build a stable, peaceful, sustainable and just nation.

The five dimensions are also valid for non-faith-based trainings. In the white center are the values without religious connotation:



01.2 Five Sustainability Principles

These five Principles (dimensions) can also be formulated as Sustainability Principles.



Definition: Sustainability means a state of the planetary ecosystem, of which human beings and the man-made systems are a functional part,

where non-living and living nature, biological species, and humanity coexist in mutually beneficial interdependency and balance that can be long-term sustained. Such coexistence is influenced by planetary natural laws, and it is characterized with diversity, ecological complexity, and stability supported by well managed human use and respect for the requirements of the systemic properties necessary for the integrity, functioning, and health of the planetary ecosystem and all its elements.

1. Cosmic-Christ-Centred: Preserve the planetary ecosystem balance

Sustainability is the vision and the *ultimate goal*. *The planet is* commanded to our care by God and we must act as good stewards and maintain the sustainable state of the planetary ecosystem and the vision of Christ for systemic planetary order. “Cosmic Christ” refers to the biblical notion that Christ is all in all, was before creation and will be for ever (Col 1,15-17).

2. Sustainable living – at work and at home

Preserve individual health, ensure safe economic activities, eliminate toxicity and pollution of such things as heavy metals, endocrine disruptors. In your enterprise preserve equity and justice, and provide decent working conditions and pay. Live a simple happy life filled with love and passion, be a servant of your community and a leader for positive change.

3. Sustainable business performance

The enterprise must adopt optimum resource productivity and innovation for increased efficiency, based on the four ‘R’s (Recycle, Reuse, Replenish, Recover) as the way to address such threats as climate change and loss of ecosystems. In its operations, supply chain activities, and product utilization the enterprise should?

4. Sustainable nature and ecosystems

Conserve the nature and preserve intact ecosystems as the basis of our life-support systems and the foundation of a prosperous economy.

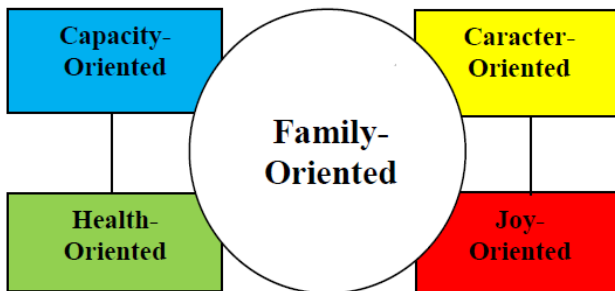
This applies to such planetary systems as a stable climate and the capability of the oceans to support life, as well as the ability of regions to assimilate waste.

5. Sustainable society

Eliminate our contribution to conditions that undermine people's dignity and capacity to meet their basic human needs. The society must be built upon peace and human rights, dignity and democracy, employment and social integration, security and safety, the constructive integration of female and male attitudes.

0.1.3 Five Personal Principles

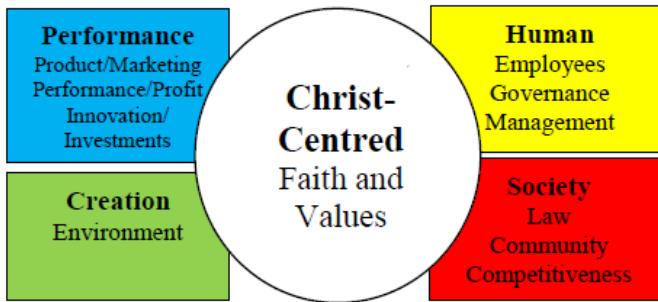
From the perspective of the individual entrepreneur and employee, personal principles can be added:



1. **Family-oriented:** caring for the family
2. **Character-oriented:** being strong in one's own value-orientation
3. **Capacity-oriented:** use one's own talents in the best way for the responsibilities one has
4. **Health-oriented:** caring also for the health of one's self and others
5. **Joy-oriented:** fulfil all activities with joy about the beauty of life and thankfulness towards God.

02 Criteria

The VET principles are concretised in twelve criteria. The criteria represent twelve aspects and areas of activities of a Christian entrepreneur and his/her company. Each criteria consists of Christian values of orientation based (Compass) and sustainability indicators and technical components (Roadmap), and covers a number of specific issues.



Christ-Centred is the core principle for all activities as a Christian and therefore also of all criteria.

1. Values: *Christian Faith and Values*

Human-oriented

2. Employees: *Human Resources and Labour Practices*

3. Governance: *Ethical Governance*

4. Management: *for Sustainability*

Performance-oriented

5. Product and Marketing: *Ethical Product Responsibility*

6. Performance and Profit: *Efficient and Fair*

7. Innovation: *Technical, social, organisational*

8. Investments: *Ethical Investments*

Creation-oriented

9. Environment: *Performance and Resources*

Society-oriented

10. Law: Legal Frame

11. Community: Social Value Creation

12. Competitiveness: Fair Competition, Fair Trade

03 Compass

The Compass in each of the twelve criteria represents a set of relevant Christian values and norms together with questions and recommendations based on examples of Christian faith and practice. As a compass, this set of values and norms is guiding how to practice Christian faith in the enterprise, why and how to make the right decisions and how to make the right choices as a Christian entrepreneur. The Compass for each of the twelve criteria is composed of concrete questions from Christian entrepreneurs and answers from theological-ethical perspectives.

04 Roadmap

The Roadmap in each of the twelve criteria describes the concrete way to go - how to apply the VET principles in reality, and what actions to take as a Christian entrepreneur towards sustainability. The roadmap in each criteria consists of indicators that are more concrete than the values and compass. Most of them are measurable in order to monitor and evaluate their implementation. The roadmap also includes good practices, recommended technical approaches, performance requirements and standards, and other relevant practical information and clarifications. The criteria and indicators are in alignment with the GRI Reporting disclosures and ISO 26'000.

05 Terms and Definitions

In the global current efforts to strengthen responsible enterprises, different terms are used: sustainable business, sustainable development, cor-

porate social responsibility, corporate responsibility, business ethics etc. A few terminology clarifications and definitions are enclosed below. To get a deeper understanding, look at the Annex especially on sustainability.

Ethics strives to answer questions such as: What should I do? How should I act? How should a community of people act? Ethics strives to answer the question as to what is good behaviour and just action. Thus ethics concerns all areas of life. Ethics can be based on philosophical or religious values such as Confucian or Buddhist world views. Christian Ethics is based on Christian faith and its values. Morals represent the existing values prevalent in a society and manifest themselves in its customs and manners. Ethics is the critical reflection of morals.

Sustainable Development: The VET defines Sustainable development as development (process) that enables present generations to live a life in dignity without endangering the life of future generations or the non-human environment.

Corporate Social Responsibility CSR (corporate conscience, corporate citizenship, social performance, or sustainable responsible business/Responsible Business): In most cultures CSR means operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. The widely accepted definition by the European Commission states that “CSR is a concept whereby companies integrate social and environmental concerns into their business operations and into their interaction with their stakeholders on a voluntary basis.” The term CSR carries a special focus on the corporate engagement with society realizing the company’s responsibilities as a member of society and for meeting the expectations of its stakeholders. Recent analysis shows that CSR is seen predominantly as reactive, focused on compliance with laws, regulations, and commitments to the society and builds on the traditions of corporate giving and philanthropy. Corporate Responsibility CR: Often used as a synonym of

CSR, the term CR addresses more clearly the responsibility of the company not only towards the society but also towards the environment. CR is defined as a business model and a process with the aim to embrace responsibility for the company's actions and effect a positive impact through company's activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

Stakeholders are all persons, institutions and sectors of society who have “a stake” in a company, which means who benefits from or is affected by the activities of the company.

Sustainable Business Development (Sustainable Business): The VET position is that Sustainable Business Development/Sustainable Business goes beyond simple compliance and responsibility (CSR/CR) and that they are not synonyms of the CSR and CR.

Companies who commit to sustainable development (sustainability/sustainable business development) are committed to CSR but they go beyond simple compliance with the law and meeting stakeholder expectations. These companies are focused on finding solutions to complex environmental, social and economic challenges and problems by aiming at specific beneficial targets not only for company's stakeholders but for the larger global planetary community and global sustainable development goals. They contribute to the broader sustainable development goals by focusing on innovation and development of products and services with exceptional social value, and positive impact on the society, environment and natural ecosystems.

Business Ethics is one domain of ethics related to ethics in the business activities. Economic ethics is a similar term, but broader, including the micro, meso and macro level e.g. of governmental economic policies.

Enterprise is an organisational unit which produces, trades, markets or recycles products or services. It can be a for profit company, a not-for-profit institution, a social enterprise, a private or a state owned company,

a small, medium or large entity, a single unit or a conglomerate of companies such as holding.

Entrepreneur: An Entrepreneur is a (male or female) head and/or operational leader of an enterprise. He/she can be founder, owner, president of the Board or manager.

Training in this book is used in a broad sense including formal education at university or vocational training, Executive MBA (EMBA) as the one offered by the Kingdom Business College KBC, in-house training inside a company for employees and online courses. The core target is the EMBA of KBC.

06 VET – an Integrated Approach

VET is based on the Christian faith and values which are applied in integration with non-religious concepts of corporate social responsibility and sustainable development and contribute to the sustainable development goals and the transition towards sustainability. In addition, from the Christian ethical point of view, sustainability is a God-centred fundamental premise, an axiom that gives orientation to the ethical values and norms. Sustainability is a pillar and a manifestation of the Christ-centred principle adopted by VET.

VET sees the role of sustainability in macro perspective as a global ethical value that addresses and links together all elements of the natural environment (Environmental Systems and Processes), and the elements of the man-made systems and human society (Economic and Financial systems; Business, Technology and Man-made Environment; Laws and Regulations; Society; Ethics and Religion) in a global dynamic process which ultimate goal is to achieve and maintain sustainable state of the planetary ecosystem, and realization of the vision of Christ for systemic planetary order – see figure below. It is important to underline the deep integration and interrelation between all elements and the sustainability value.

From the viewpoint of its role and practical application in business and human development, sustainability is imperative for the long-term survival of the humanity, a destination, and a vision where we need to be. In this context, the sustainability concept, together with the evolving standards and approaches for its practical application in all areas of human activities, is the roadmap showing how in reality/ what actions to take in order to get where we need to be, how to achieve sustainability.

Ethics and Christian faith, norms and values are presenting the deep reasons and as a compass providing guidance on why and how to make decisions as human beings and on why and how we need to make certain choices that result in actions and lead to achieving goals and outcomes which ultimately should lead towards sustainability.



VET applies a unique approach aiming to a) present the deep linkages between the Christian religious values and sustainability as a value and practical concept, b) integrate the religious and ethical aspects, values and norms into the modern sustainability practice.

VET as integrated approach also means that non-religious values can and shall also be integrated. An example is the call for values-driven behaviour of *Xi Jinping, General Secretary of CPC Central Committee and President of the PR of China*: “We should pay close attention to advocating socialist morals, intensify education in public morality, professional ethics, family virtues and individual integrity, promote basic moral standards such as patriotism, dedication to work, integrity and friendliness, and cultivate social trends of recognizing honour and disgrace, practicing integrity, encouraging dedication and promoting harmony.” (Strong Ethical Support for the Realization of the Chinese Dream, 26 Sept 2013, in Xi Jinping, *The Governance of China*, Beijing 2014, 177.)

Christ Centred

VALUES: CHRISTIAN FAITH AND VALUES

1.1 Christian Faith

1.1.1 What is the centre of Christian faith?

The centre and foundation of Christian faith is Jesus Christ. The human being Jesus is the true, real human being (and to be imperfect is part of it), showing the values and virtues for humans. Why is he the example to follow? Because Jesus was sent by God as his Son to show the way how to become truly human and humane. He even became one with God. As resurrected, living Christ is true God, showing what God is and stands for, the true image of God. Christ-centred therefore means God-centred: In Christ is visible what God is, what humans should become and with the ultimate goal of the world is: the kingdom of God. In Christ is also visible what the ethical orientations for the personal, professional and societal life are. The Christian God is the triune God, the Trinitarian God (three in one: God-father the creator, God-Son the liberator and orientator, God-Holy Spirit the enabler, transformer and energizer).

Biblical References

Jn 14:6: Christ is the way, the truth, the life;

Eph 2:20: Christ is the cornerstone of the building called Christian community/church

Col 1:15-17 The Cosmic Christ: “¹⁵ He is the image of the invisible God, the firstborn over all creation. ¹⁶ For by him all things were created: things in heaven and on earth, visible and invisible, whether thrones or powers or rulers or authorities; all things were created by him and for him. ¹⁷ He is before all things, and in him all things hold together.”

1.1.2 What are the pillars of Christian faith?

- God the Creator cares for you and the whole world (with his providentia = caring).
- God Liberator in Jesus Christ liberates you from your limitations, selfishness and bad actions (sin).
- God the Holy Spirit empowers and guides you with his Spirit (energy, encouragement)
- God blesses you with so many talents and gifts. Use them for His glory and improvement of life, your own, your nearest, the needy and the whole world.
- God promises you as believer that you will be united with him in eternal life after death. Do therefore not fear death and the end of life/ life beyond and concentrate on the improvement of life on earth.
- God forgives and saves you. You do not have to care for your salvation. He cares. This makes you free to care for the needy, for society, for the nation and the world community.
- God’s grace and blessing is abundant. This makes you thankful and full of joy, expressed in praise, worship and work.
- God builds communities. Christians can leave their faith only in community and union with other Christians. They encourage, correct, orientate and support each other. This is the foundation and reason of building church communities and belonging to the worldwide church as body of Christ.

- God invites human beings to be his co-workers for a fair and just world. Therefore, ethics and values matter. Good work is not for our salvation, but an expression of our deep gratitude to God.

A Creed is the summary of the pillars of faith. The classical Creed of all Christians in all denominations is the *Apostles' Creed*, finalised in the 3rd Century, a half century only from the last writings of the New Testament (Modern version from the English Language Liturgical Consultation).

I believe in *God, the Father almighty*,
creator of heaven and earth.

I believe in *Jesus Christ, God's only Son*, our Lord,
who was conceived by the Holy Spirit,
born of the Virgin Mary,
suffered under Pontius Pilate,
was crucified, died, and was buried;
he descended into hell.

On the third day he rose again;
he ascended into heaven,
he is seated at the right hand of the Father,
and he will come to judge the living and the dead.

I believe in *the Holy Spirit*,
the holy catholic Church,
the communion of saints,
the forgiveness of sins,
the resurrection of the body,
and the life everlasting. Amen.

See also Annex 1: Christian Entrepreneurs in China formulated a creed on the basis of the classical creed of the Christian Churches.

Biblical References

Manifold. See step by step the following chapters.

1.1.3 What are key values and virtues of Christian faith?

See below point 1.2

1.1.4 How to be a real Christian entrepreneur?

Listen every day to the will of God and his spirit by bible study, prayer and sharing with other Christians in the community. Key is the sentence in the Lord's prayer: Your will, not my will shall be done. Lord shows me what is your will for today and my life. The question can also help: What would Jesus do in this situation? But simple answers are not possible. 2000 years between Jesus' time and our time means that the biblical truth has to be translated for our time. We have to find out what the centre of the gospel is.

The values and virtues described below are the benchmarks for a Christian entrepreneur. A Christian entrepreneur

- understands that "Work is Worship" to the Glory of God;
- has responsible leadership which emphasizes on social responsibility, social services and diaconia (the NT word for service);
- cares for the earth to build a green world;
- builds high performance and sustainable business model;
- creates jobs and cares for the employees;
- is engaged for innovative, good, sustainable, healthy products serving the needs of the clients;
- is engaged in innovative strategies for the long term existence of the company;
- is engaged for continuous, long term profit optimization and not short term profit maximization. Profit is not a goal in itself, but a means to create the jobs and serve the company;
- is faithful to legal obligations and paying taxes;

- find a balanced way of dealing with luxury (more about it in other places);
- shares part of the benefit/profit with the needy;
- looks for constant guidance in the decisions from the Christian faith and community.

Each situation of an entrepreneur, his enterprise, his environment and his talents is different. Therefore there is no one single standard.

Biblical References

Mt 6:9-10: “Our father in heaven ... your kingdom come, your will be done.”

Mt 26:39 praying before his arrest: “My father, if it is possible, let this cup pass from me; yet not what I want but what you want.”

Mt 25:14-30: the parable of the talents: use talents given to you for the glory of God and the benefit of society.

1.1.5 How to be a real Christian enterprise?

For the enterprise as an organisation, the same values are valid as for the individual entrepreneur or employee. A Christian enterprise means that the core values and the culture of the enterprise, developed by the entrepreneur in cooperation with the managers and if possible with the staff, are based on the Christian faith. But this is a long process, step by step.

A real Christian enterprise should have willingness and commitment to comply with the will of God, create the enterprise into the kingdom of God. At the same time, the enterprises should become the salt and light for the glory of God and to bless the community with good products and services and God’s blessing.

1.1.6 How to spread the gospel to the employees?

In the messages of the entrepreneur, in the mission statement of the company, in small symbols and texts etc. the Gospel could and should be visible. Singing, bible studies and discussions can be offered. They should be voluntary because employees should not be forced to become Christians or to confess their faith. God wants that we discover his love in freedom and not by violence or force.

To build a church or prayer room within the enterprise is a good option, but is not enough. The company should also avoid to offer or to force employees to take advantage of faith. Employees should become beneficiaries of good servant leadership and a good example for the glory of God. Having personal faith and ethical values helps to see good deeds and to glorify God.

An enterprise is composed not only by Christians. Therefore, the balance between a clear Christian identity of the company culture and a careful respect of other views and also the worldviews of the clients is needed. A Christian enterprise is convincing also for non-Christians by the quality of the product, the reliability of the commercial relations, the honesty and friendliness in the contacts and the joy and thankfulness expressed by the employees and the managers.

1.1.7 What are the characteristics of God to be reflected?

God according to the Biblical revelation can be experienced in human life. Core characteristics are: God is love, he is just, merciful, reliable, forgiving, judging, welcoming, eternal. He has numerous names which indicate numerous characteristics. And because God is before, within, above and after all other creatures, we can always only capture parts of what he is. He is very near and far, he is known and unknown. Whenever we think we know what he is, we should add that we do not know since he is free in his will, more in his wisdom than our wisdom, longer

term planning than human beings can plan and much deeper in love than a human being can ever imagine. That is the reason why we should not make a fixed image of God. We cannot avoid to make an image since believers can experience God's love every day but we have at the same time to abstain to be fixed on this image (Ex 20:4). God is and acts often different from what we think he is and how he acts.

1.1.8 What is the Relation between Faith and Ethics?

There are three positions about the relation between faith and ethics (ethics as another word for behaviour and action):

1. "Faith alone brings salvation. My good behaviour is not relevant."
2. "In order to act ethically, I do not need faith."
3. Faith and action (ethics) as expression of faith are two sides of the same coin. The fruits on the tree are the result of the roots. No fruits without roots. John 15:5 "I am the vine; you are the branches. If a man remains in me and I in him, he will bear much fruit; apart from me you can do nothing."

On position 1: It is true that we cannot "buy" the love of God to us and eternal life with good behaviour. God, nor his love or his spirit is for sale. He as creator, liberator and reconciliatory is autonomous and sovereign in His decisions. It is out of His profound love and caring for human and non-human beings in His creation that he wants to bring us back to Him and His light.

But the sentence of position 1 is not the logical consequence. Yes, my good behaviour is not relevant for my salvation, but for the needy and for the world! Because I do not have to worry about my personal salvation – I am already saved by faith – I am even more free from selfishness and free to love others as I love God. The double commandment "love God and the other as yourself" cannot be separated into two:

“Love God and forget about the rest”. On the contrary: no love of God without Love to the other and myself.

On position 2: It is true that there are many very ethical persons who are atheists (deny God), socialist (believe in equality and justice), agnostics (say they do not know), Philosophers (orient their ethics on rational thinking) such as Confucians, or believers of other faith such as Buddhists, Taoists, Muslim, Hindu, etc.

But values and virtues, behaviour and action are much influenced by faith. Christian faith offers an ethics which is partly very similar to other faiths and non-faith-based values such as the Golden Rule (do to others what you expect them to do to you) which exists in all religions and value systems and can be called global, human ethics. But Christian faith offers specific values such as Agape/love which is not only valid for the own family, clan or nation, but universal love to an extent to love the outcasts and even the enemies. Only faith in Jesus Christ and his extreme love encourages to this extreme and extremely valuable and important ethics.

On position 3: Ethics is to a great extent global since it is human. But the key is how to live and implement values. Faith helps not only to recognise the right values, but give a strong motivation and the energy to implement it even if it needs sacrifice and includes personal disadvantages. The key reason, why faith and action/ethics cannot be separated is that in God it is never separated. God’s word is identical with God’s action, it is in fact the same in the light of God. God confirms: “All what I intend, I do.” (Jes 46:10). Therefore, those you separate faith and action, are clearly talking about another God than the Christian God.

This handbook is clearly based on position 3: It is true that faith alone is needed for my salvation, but good behaviour is a result of faith. It is an empty faith if it does not lead to good behaviour. The biblical message such as John 15:5 and the life of Jesus never separated word and action.

Biblical References

Ex 20:4: make no image of God.

Other Materials for chapter 1.1

Almost all profiles of Christian Entrepreneurs, in different ways.

The book “Christian Faith. An Introduction”, Globethics.net 2013.

Summary: Compass Christian Faith

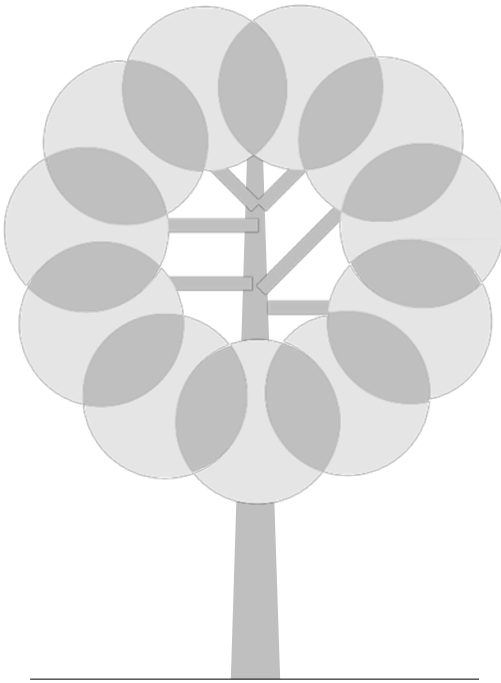
The pillars of Christian Faith are the roots for ethics and values:

1. *God the Creator cares for you* and the whole world.
2. *God the Liberator in Jesus Christ* liberates you from selfishness.
3. *God the Holy Spirit empowers and guides you.* God blesses you.
4. *God's grace is abundant.* This makes you thankful and joyful.
5. *God builds communities. Churches support you, you support them*
6. *God cares for you.* You do not have to care for your salvation.
7. *God promises eternal life.* You are free to concentrate on life on earth: love, values, virtues.



Just remember Jesus!

1.2 Christian Values, Virtues and Premises



Values are benchmarks, fundamental orientations for personal and social life like justice or freedom. Values are like the main branches of a tree which together build the tree. Values are like the guard rail along a highway or road to guide and avoid losing track of the way.

Virtues are attitudes, behaviours of individuals and a concretization of values.

E.g. the value of equity and justice is visible in the virtue of mutual respect of each other or of humanity. Virtues can be compared with the way how the driver is driving his car on the road or how the animal is moving from one branch to the other on the tree.

Premises are the basis and precondition of values and virtues. E.g. life, love and dignity are the preconditions for freedom and justice. They are like the roots of the tree.

This following list of ten premises, twelve values and twelve virtues are a basis for the values-driven entrepreneur. They are not an eternal list and do not represent a hierarchical order. As the branches of a tree or as points on a circle, premises, values and virtues among themselves are interdependent and have in principle similar importance. But in specific situations, one or the other premise, value or virtue becomes more or less important and relevant. Cultural differences in perception and priority of values and virtues also play an important role. But most of these values and virtues are human and global even though their contextualization may be diverse.

1.2.1 Premises in the Light of Christian Faith

1. I want to live.
2. I cannot live/survive on my own, but only in a community where both the human and non-human (living and non-living) beings co-exist in balance and harmony.
3. I cannot generate my own life. It is a gift of God.
4. God as the magnificent Creator wants life in its diversity.
5. God as Jesus Christ wants to save life, not to destroy it.
6. My gratitude to God is the foundation of responsible actions.
7. God as Holy Spirit is a liberating force, able to work through all human and non-human (living and non-living) beings.
8. Human beings cannot and must not be perfect. God forgives and enables new beginnings.
9. Life on earth is "only" the great foretaste of eternal abundance. This liberates us from greed.
10. Faith, love and hope (1 Cor 13:13) are the basis of values and virtues.

1.2.2 Fundamental Christian Values

1. *Justice/Equity*: All humans and all other beings (living and non-living) are created by God and are his equal “children”. God alone is creator, humans and all other beings are all his creatures. This creates a fundamental equality of all men, women and children, and other all living and non-living beings on the Earth. Society has to enable an equal long-term access to resources for life in dignity for all.
2. *Compassion and Caring*: compassion for the other and caring for the weaker in society and among the other beings on the Earth is a consequence of this equality and justice and of the Christian freedom. Freedom from sin leads to freedom to caring and solidarity.
3. *Stewardship/Servant Leadership*: acting as a good steward means using entrusted natural, human, financial and organisational resources in an efficient, responsible way in the service of the objectives and the community.
4. *Freedom*: Human beings tend to be selfish and trust themselves more than God. This is called sin. God in Christ liberates the believers from this sin and invites them to trust God. Depending on the wisdom of God makes human beings free from self-dependence and self-salvation. They become free to care for the others.
5. *Sustainability*: God-Christ not only liberates human beings, but the whole creation. Because non-human creatures also suffer from injustice, violence and look for peace and liberation from suffering. Human and non-human beings build together the ecosystem as Gods house called earth where all creations are entrusted to live in balance and harmony as members of one community – the Planet Earth. Caring for all creations is essential for Christian faith because destroying this earth means violating God the creator himself.

6. *Responsibility/Accountability*: Responsibility means response to God, giving back what we receive, being accountable for what he entrusts us.
7. *Participation/ Community*: all human beings can contribute to improving lives, including children, aged persons, persons with disabilities, and the existence of all living and non-living creatures. Salvation alone is not possible. Christians always seek the common good of the community of all beings and the people of God.
8. *Sharing/Solidarity*: building communities needs sharing and solidarity in order to reduce inequalities which are growing increasingly.
9. *Transparency*: Community can only be built on trust, openness and transparency in communication and financial matters. God is a God of light and not of darkness, of revelation and not of secrets.
10. *Innovativeness*: God gave human beings almost unlimited gifts and charisma of creativity and innovation in order to save and improve lives, use limited resources in a more and more efficient and sustainable way, as part of their responsibility to care for and protect the community, and as an expression of joy and thankfulness to God and His kingdom.
11. *Peace*: Great inequalities and injustice lead to conflicts, instability and wars. Peace is the fruit of justice, caring, freedom and solidarity.
12. *Forgiveness/ Reconciliation*: human thinking and actions cannot and must not be free from errors, mistakes and sin. God's forgiveness and human forgiveness always enables a new beginning and opens the way to the future and to overcome apparent impasses.

1.2.3 Fundamental Christian Virtues

1. *Thankfulness*: Be thankful for all you receive from God, human beings and nature.
2. *Truthfulness*: Do not lie, tell the truth about real costs, damages, dangers.
3. *Integrity*: Act in honesty, avoid hidden agendas and tricks, keep your promises.
4. *Trust*: Trust in God, employees and stakeholders.
5. *Respect*: Be respectful and gentle to others and treat them as your guests.
6. *Generosity*: Be generous in blessing others as God is generous in blessing you.
7. *Prudence*: Be prudent in combining risk-taking and risk-minimizing
8. *Courage*: Take entrepreneurial risks and resist injustice
9. *Joy*: Be joyful, praise and thank God for His blessing.
10. *Harmony*: Balance the different interests and values in harmonious ways.
11. *Sufficiency*: Use what you need, be frugal with resources, avoid greed.
12. *Modesty*: Be humble, remember that you are a servant, not king or owner of the world.

Biblical References

Mt 23:23: “²³ Woe to you, teachers of the law and Pharisees, you hypocrites! You give a tenth of your spices - mint, dill and cummin. But you have neglected the more important matters of the law—justice, mercy and faithfulness. You should have practiced the latter, without neglecting the former.”

1 Cor 13:13: “³ And now these three remain: faith, hope and love. But the greatest of these is love.”

Col. 3:12-14: “¹² Therefore, as God’s chosen people, holy and dearly loved, clothe yourselves with compassion, kindness, humility, gentleness and patience. ¹³ Bear with each other and forgive whatever grievances you may have against one another. Forgive as the Lord forgave you. ¹⁴ And over all these virtues put on love, which binds them all together in perfect unity.”

Col 4:1:5: “² Devote yourselves to prayer, being watchful and thankful. ... ⁵ Be wise in the way you act toward outsiders; make the most of every opportunity. ⁶ Let your conversation be always full of grace, seasoned with salt, so that you may know how to answer everyone.”

Summary: Compass Christian Values and Virtues

Values and virtues are branches and fruits of a tree.

Fundamental Christian Values

1. Justice/Equity
2. Compassion and Caring
3. Stewardship/Servant Leadership
4. Freedom
5. Sustainability
6. Responsibility/Accountability
7. Participation/ Community
8. Sharing/Solidarity
9. Transparency
10. Innovativeness
11. Peace
12. Forgiveness/Reconciliation

Fundamental Christian Virtues

1. Thankfulness
2. Truthfulness
3. Integrity
4. Trust
5. Respect
6. Generosity
7. Prudence
8. Courage
9. Joy
10. Harmony
11. Sufficiency
12. Modesty.



Just remember Jesus!

Human Oriented

EMPLOYEES: HUMAN RESOURCES AND LABOUR PRACTICES

2.1 Compass: Employees

2.1.1 What is the meaning of working for Jesus?

All types of work can be meaningful, independent if it is handwork or intellectual work, done by abled or disabled, young or old persons. Every human being was bestowed talents from God (Mt 25: 14-28). The decisive point is that work is seen as a service to God. Since God is the giver of all life, human beings express their gratefulness through their work for the glory of God. Therefore, cleaning toilets or being an entrepreneur, educating children or being a university professor can be done for the glory of God – or can be meaningless if it is only done to exploit or oppress others. Work then becomes part of worship, of praising God with all kind of work, be it in a paid job, in unpaid house work, in volunteering work etc. professional Worship becomes “workshop”. The prophets in the Old Testament as Jesus in the New Testament underline that the true offering to God is not pious fasting or worshipping, but working for justice ““Yet on the day of your fasting, you do as you please and exploit all your workers. Your fasting ends in quarrelling and strife, and in striking each other with wicked fists. You cannot fast as you do today and expect your voice to be heard on high. ...Is not this the kind of fasting I have chosen: to lose the chains of injustice and untie the

cords of the yoke, to set the oppressed free and break every yoke? Is it not to share your food with the hungry and to provide the poor wanderer with shelter when you see the naked, to clothe him, and not to turn away from your own flesh and blood? Then your light will break forth like the dawn, and your healing will quickly appear; then your righteousness will go before you, and the glory of the LORD will be your rear guard. Then you will call, and the LORD will answer; you will cry for help, and he will say: Here am I.” (Isaiah 58:3-4, 6-9)

The professional skills are important. They can be grasped by education and formation and they have to be constantly further improved and developed. In Christian perspective, skills and talents are “charisma” which means gifts of God given by grace to human beings: physical, mental, organisational, emotional, technical or social talents. Work ethics means using these talents (which each human being got from God) in a responsible way. Not using these talents (e.g. if somebody is lazy) or using them not in an appropriate way (e.g. if somebody executes the wrong job which does not correspond to the skills and talents) or using them only for selfish goals and not for the benefit of the community and society means refusing or abusing the gifts of God.

Work leads to independence. Without paid work or a social security such as pension fund or relatives who support somebody, a person depends on gifts from others, becomes a beggar or is tempted to start dishonest unethical activities in black or illegal markets in order to survive. Therefore Paul reminded the Christians to work and not be lazy in order to live with the own income and not be dependent on others or illegal income: “Thieves must give up stealing; rather let them labour and work honestly with their own hands, so as to have something to share with the needy.” (Eph 4:28; also 1 Thess 4:11). Work is also the basis for sharing, charity and philanthropy. The Reformers underlined the same in the Protestant work ethics.

Obligation to create jobs: This obligation to work finally leads to the right to work and the obligation of entrepreneurs, the state and each individual to create jobs and to enable a fair sharing of jobs so that every human being capable to work has some (income generating) work.

Biblical References

Mt 25:14-28: The parable of the talents;

Isaiah 58:1-14: The true fasting is the work for justice;

Lk 4:18-19: The mission of the work of Jesus;

1 Thess 4:11-12: “¹¹ Make it your ambition to lead a quiet life, to mind your own business and to work with your hands, just as we told you, ¹² so that your daily life may win the respect of outsiders and so that you will not be dependent on anybody.”

2 Thess 3:11-12: “¹¹ We hear that some among you are idle. They are not busy; they are busybodies. ¹² Such people we command and urge in the Lord Jesus Christ to settle down and earn the bread they eat. ¹³ And as for you, brothers, never tire of doing what is right.”

Other Materials

Dignity of Work. Theological and Interdisciplinary Perspectives, Lutheran World Federation, Doc 56/2011, Geneva 2011.

Estey: A New Protestant Labour Ethic at Work, Cleveland 2002

Peccoud, Dominique (ed.): Philosophical and Spiritual Perspectives on Decent Work, by International Labour Organisation ILO, World Council of Churches WCC and ILO Institute for Labour Studies, Geneva 2004

2.1.2 What is the Christian relation between employer and employee?

“Good stewardship” is the Christian vision of responsible leaders and responsible employees: See e.g. the story of the good steward (LK 12:22-48): The good steward creates jobs, cares for the employees, pays a fair salary in time and works very hard as a good example. And he/she

is responsible towards the owner (God). The bad steward looks only for his/her benefit, exploits, and violates employees, does not pay fair salaries, is lazy and behaves as if being the owner.

The selection of employees is based on their skills, but also their values, social competence and community-orientation. The employees are trained and supported in a way so that their competencies and "charisma" can best be developed and used in the enterprise.

The relation should be marked by Christian love (the Bible in the Greek New Testament distinguishes three words for love: "agape" means Christian love, compassion, care as reflection of God's love. "Philia" means friendship between friends; "eros" means the erotic, sexual love. The characteristics of the attitude towards love in the meaning of agape are valid for professional relations between employer and employees as for family life and public life.

In biblical times, slaves still existed. The first Christians accepted slaves as an order of society at that time. But they began to give a new dignity to slaves: workers and employees are all children of God and need to be treated with dignity and fairness (Col 4:1). This was a beginning to overcome slavery and exploitation. The reason given is again stewardship: employers are not owners of the employees (even if they have been legally slaves). Employers are stewards and servants of God.

Biblical References

Lk 12:22-48 (The good and the bad steward, manager, housekeeper, economist);

1 Cor 13:4-7: ⁴Love is patient, love is kind. It does not envy, it does not boast, it is not proud. ⁵It is not rude, it is not self-seeking, it is not easily angered, it keeps no record of wrongs. ⁶Love does not delight in evil but rejoices with the truth. ⁷It always protects, always trusts, always hopes, always perseveres."

Col 4:1: "Masters, provide your slaves with what is right and fair, because you know that you also have a Master in heaven."

1 Cor 13:4-7: “⁴ Love is patient, love is kind. It does not envy, it does not boast, it is not proud. ⁵ It is not rude, it is not self-seeking, it is not easily angered, it keeps no record of wrongs. ⁶ Love does not delight in evil but rejoices with the truth. ⁷ It always protects, always trusts, always hopes, always perseveres.”

2.1.3 What is Jesus’ way of selecting his disciples and followers?

Jesus selected his twelve disciples mainly among the poor and lower middle class fishermen of his area around the lake Gethsemane. It seemed a random selection, but in fact the criteria was who was ready to follow, to leave the former life behind and trust Jesus and the disciple will find a meaningful life in following this spiritual and transformative leader Jesus.

Paul was not among his disciples but heard about Jesus only after the death of Jesus. He was persecuting Christians as a vehement enemy of Christians – until he was called by the Holy Spirit on the way to Damascus to change and follow Jesus (this is again transformative leadership of Jesus and the Holy Spirit).

In all these cases it was God (through Jesus) who called and selected; it was not the human being who selected God. But it was in fact not God’s selection. He invites and calls everybody, but not all respond. For the profession it means: For the disciples and Paul, the profession changed from being a job to being a calling, a vocation. The call of God transforms the job into a calling, a vocation. Some continued the same professional activity, but they all did it now with profound conviction and orientation of serving God.

Staff selection means looking at the skills, education, performance of the candidates and the effect on the team composition. But it also means looking deeply into the motivation, convictions and commitment of the potential employees to common values and their willingness to serve the common goals of the enterprise.

Core Values related to criteria 2 (Humans) are Stewardship, Justice/Equity/Fairness, Participation

When a mistake is made the person should say sorry and ask for pardon. This is the liberating energy of Gods pardon which allows to be a human being, making mistakes and renewing relations with the pardon. The leader must apply Christian values together with the criteria listed in this category when deciding how to deal with mistakes, and must give time to people to change and improve,

Biblical References

Lk 5:1-11 Calling of the first disciples.

Mt 22:1-14 Parable of the great invitation.

Other material on Employees

Stephan Rothlin/Dennis Mc Cann, International Business Ethics. Focus on China, Springer, Berlin/Heidelberg 2016, 157-224. Download for free from www.globethics.net/libraries.

Summary: Compass Employees

1. *The Christian view of work:* Work is worship for God's glory. Therefore, all work (physical intellectual) can have the same dignity.
2. *The employer-employee relation* is based on mutual respect, agape (love), loyalty, service and support, because all are children of God and accountable to God.
3. *The Christian Entrepreneur* is a servant leader and a good steward.



Work is worship. Employees are Children of God

2.2 Roadmap: Employees

The VET Human Resources and Labour Practices Criteria covers the sustainability issues of human resources development and management, leadership development, human rights, work conditions and working environment. The key issues and indicators addressed by this criterion are categorized in two core subject areas –Human Resources (2.2.1-2.2.3) and Labour Practices (2.2.4-2.2.11)

Human Resources: Employees are the most valuable asset for any company and especially for the SMEs where business success is contingent on the expertise, involvement and productivity of a small number of staff and managers. Good human resources management is an important competitive advantage for SMEs which face growing competition to attract and retain good and skilled staff. The VET Human Resources Indicators focus on the sustainability and ethical requirements for employment practices and management, as well as for staff and leadership development.

Labour Practices: The creation of jobs, as well as wages and other compensation paid for work performed are among an organisation's most important economic and social contributions. Meaningful and productive work is an essential element in human development; standards of living are improved through full and secure employment. Its absence is a primary cause of social problems. All terms and conditions of employment including, but not limited to, hiring, pay, training, promotion, termination, and retirement must be based on an individual's ability and willingness to do the job, and his/her basic rights as a human being. Labour practices have a major impact on the respect for the rule of law and on the sense of fairness in society: socially responsible labour practices are essential to social justice, stability and peace. The Labour Practices topic area includes two sections presented below: *Human Rights* and *Decent Work*, each including specific sets of indicators:

Human Rights: All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood. (Universal Declaration of Human Rights, UN General Assembly, December 10, 1948, 217 A (III).

Human rights are the basic rights to which all human beings are entitled. There are two broad categories of human rights. The first category concerns civil and political rights and includes such rights as the right to life and liberty, equality before the law and freedom of expression. The second category concerns economic, social and cultural rights and includes such rights as the right to work, the right to food, the right to the highest attainable standard of health, the right to education and the right to social security.

Most human rights laws relate to the relationship between the state and the individual, but also private enterprises, including SMEs, may affect an individual's human rights. Enterprises should be aware of circumstances and environments in which human rights are at risk (e.g. political instability, poverty, after natural disasters, corruption, civil and political rights). Also, enterprises should consider their activities and efforts to avoid complicity in the violation of human rights. Moreover, enterprises should inform themselves about the social and environmental conditions under which purchased goods are produced. The Human Rights indicators address how the organisation respects and maintains the basic rights of a human being.

Decent Work: According to the International Labour Organisation ILO, Decent Work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize activities and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Enterprises have a responsibility to take care their staff and provide them with a decent working environment and career growth opportunities. An enterprise should ensure that working conditions comply with national law and/or standards set in collective agreements (e.g. wages, working hours, holidays, dismissal practices, maternity protection, and access to social security systems). Good working conditions and responsible business practices have positive effects on staff morale and retention. With higher job satisfaction and commitment to the company, it is likely to reduce employee turnover and absenteeism. It also provides cost savings related to finding replacements and training new staff. The Decent Work Indicators listed below reflect the quality of the work conditions and the working environment

Resources

The main resources for the chapter 2.2 (2.2.1-2.2.11) are the conventions and regulations of the International Labour Organisation ILO (www.ilo.org) and Ethical Sourcing, Walmartstores.com, Wal-Mart Stores, Inc. January 2012; Guide for Implementation of CR in SMEs in Spain; CSR Guide for SMEs in Hong Kong by CSR Asia.

2.2.1 Indicator for Employment and Workplace Management

The enterprise shall treat all workers – its full time staff as well as part-time employees, home workers and sub-contractors, with dignity and respect. An enterprise must establish:

- employment contract backed up with written disciplinary procedures for its employees;
- employment policies and workplace management practices in compliance with the basic human rights and labour requirements and ensuring decent conditions of work with regard to wages, hours of

work, weekly rest, holidays, health and safety, maternity protection and ability to combine work with family responsibilities

- a policy of transparent information and open communications with its employees on all matters related to employees/employers and especially on matters of dismissals
- evaluate the ethical business performance of its employees and managers based on economic, environmental and social KPIs

Details and Clarifications

Enterprises should:

- be confident that all work is performed by women and men who are legally recognised as employees or who are legally recognised as being self-employed; Employment should be compliant with the labour law.
- have internal controls validating the legal right of foreign workers to work in the country. Every foreign worker must have a valid work permit and be in the country legally.
- validate the age of workers prior to employment. Companies should establish and implement written disciplinary procedures that are clear, understandable and in a language comprehensible to all workers. All disciplinary actions should be recorded. Companies shall not use monetary fines and penalties to maintain labour discipline, including for poor performance or violating company rules, regulations, and policies.
- establish and implement a policy of transparent information and open communications with its employees on all matters related to employees/employers and especially on matters of dismissals
- establish and implement employment policies and workplace management practices in compliance with the basic human rights and labour requirements and ensuring decent conditions of work with regard to wages, hours of work, weekly rest, holidays, health and

safety, maternity protection and ability to combine work with family responsibilities

- evaluate the ethical business performance of its employees and managers based on economic, environmental and social KPIs and should apply incentives and penalties accordingly to stimulate improved performance.
- provide reasonable notice, timely information and, jointly with worker representatives where they exist, consider how to mitigate adverse impacts to the greatest possible extent when considering changes in its operations, such as closures that affect employment

2.2.2 Indicator for Leadership Development

The enterprise should establish an environment for the development and practice of responsible leadership based on recognition of the dignity of each human being, commitment to sustainable development, and adoption of a set of ethical values, including: responsibility, justice/equity, empowerment, solidarity and participation/community.

Details and Clarifications

It is recommended that Christian enterprise leaders and the leaders of the VET trained companies sign a personal *Code of Responsible Leadership* as their personal commitment and a signal to the company and management. The Code in *Annex 2* of this book serves as the standard Code for VET. It can be adapted to the situation in dialogue with the VET leadership.

2.2.3 Indicator for Staff Training and Education

An enterprise should

- use workplace policy and initiatives to increase the capacity and employability of individuals. Employability refers to the experienc-

es, competencies and qualifications that increase an individual's capacity to secure and retain decent work.

- provide all workers at all stages of their work experience with access to skills development, training and apprenticeships, and opportunities for career advancement, on an equal and non-discriminatory basis.
- ensure that, when necessary, workers being made redundant are helped to access assistance for new employment, training and counseling.
- establish joint labour-management programs that promote health and well-being.

Details and Clarifications

Christian Enterprises should

- have some guidelines in terms of training (e.g. technical training, languages, skills, amongst others).
- evaluate the needs of training and develop technical courses (E.g. finance, accounting, IT systems, amongst others) or enhance skills (personnel management, sales, communication with clients, amongst others)
- assign part of the annual budget to training.
- give learning talks to employees about Corporate Responsibility (CR), the actions that the company carries out in this area and in related subjects such as transparency, ethics, amongst others.

2.2.4 Indicator for Freedom of Association and Collective Bargaining

Enterprises must respect the right of workers to choose whether to lawfully and peacefully form association or join other workers of their choosing in order to collectively express, promote, pursue and defend common interests, and to bargain collectively.

Details and Clarifications

Freedom of Association means the individual rights to come together with other individuals and collectively express, promote, pursue and defend common interests.

- Enterprises must respect employee rights to freedom of association; they must not impose any punitive actions against workers in supporting a union such as threatening, fining, suspending or firing workers exercising those rights. Any action that suppresses freedom of association is prohibited, and may be an act deemed illegal in some countries' labour codes.
- Where the right to freedom of association and collective bargaining is restricted under law, the company should not hinder the development of lawful parallel means for independent free association and bargaining.
- Managers and supervisors should be trained in freedom of association compliance if possible, and workers should accept instruction on their rights under national law and company standards.

Collective Bargaining means negotiation between organized workers and their employer or employers to determine wages, hours, rules, and working conditions.

- Enterprises must honour the right of workers to bargain collectively.
- Employees should be able to raise issues regarding any collective bargaining agreement compliance by the employers/factory without retaliation.

2.2.5 Indicator for Child Labour and Young Workers

Child/underage labour is prohibited (in most countries below the age of 14). Enterprises found to have hired d child/underage labour will be asked to stop hired work and remediate the situation by implementing a satisfactory solution which is in the interest of the development of the child (e.g. by enabling them to go to school and to employ the unem-

ployed parents instead of the child so that the parents can pay education of the child).

Details and Clarifications

Child Labour: ILO Conventions (Minimum Age Convention No. 138 and the Worst Forms of Child Labour Convention No. 182) provide the framework for national law to prescribe a minimum age for admission to employment or work that must not be less than the age for completing compulsory schooling, and in any case not less than 15 years. In countries where economic and educational facilities are less well developed, the minimum age may be as low as 14 years. Exception may also be made from 13 or 12 years for “light work”. The minimum age for hazardous work — work that is likely to harm the health, safety or morals of the child as a consequence of its nature or the circumstances under which it is carried out — is 18 years for all countries (see also table on Child Labour in Annex 4).

- Companies are prohibited from employing any workers under the age of 14 regardless of national and/or local laws or regulations.
- Underage workers: Companies are prohibited from employing workers below the minimum working age as defined by legal regulations. All workers must be at or above the legal minimum age at the time of employment. If there is a conflict in permissible age between laws, the supplier must conform to the one with a higher minimum age.
- Children under the minimum working age should not be allowed in factory work areas at any time.
- Juvenile (minor) workers: Where legal regulations specify juvenile (minor) employment restrictions or requirements, the company must demonstrate compliance with said requirements. Workers above the legal minimum working age but younger than 18 shall be considered juvenile workers.

- Workers under the age of 18 should be allowed to complete compulsory education per legal regulations.
- Companies shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by workers under the age of 18.
- Companies shall maintain necessary records identifying all workers under the age of 18.
- No person under the age of 18 shall undertake hazardous work, i.e., work which by its nature or the circumstances in which it is carried out, is likely to harm the health or safety of persons under the age of 18.

Companies must have effective age-verification procedures. The personnel (personal) file of each worker must contain copies of identification documents (such as birth certificates and national ID cards) as proof of age.

2.2.6 Indicator for Forced Labour

All labour must be voluntary. All forms of forced, slave, underage, bonded, or indentured labour are prohibited. Enterprises shall not engage in or support trafficking in human beings. Enterprises shall certify that they have implemented procedures to manage the materials, including all labour related processes, incorporated into their products to ensure they comply with laws on slavery and human trafficking. Workers must be allowed to maintain control over their identity documents.

Details and Clarifications

Forced labour: According to the ILO's Forced Labour Convention No. 29, forced or compulsory labour is all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. It can occur where work is forced upon people by State authorities, by private enterprises or by

individuals. The ILO Forced Labour Convention No. 105 (adopted in 1957) adds a specific obligation for States never to impose forced labour as a means of political coercion or education, punishment for expressing political views or participating in strikes, mobilizing labour for economic development, labour discipline or for racial, social, national or religious discrimination.

- Companies shall not engage in or support trafficking in human beings.
- Companies must verify that their product supply chains address risks of slavery and human trafficking.
- Companies shall certify that they have implemented procedures to manage the materials, including all labour related processes, incorporated into their products to ensure they comply with laws on slavery and human trafficking.
- Workers must be able to voluntarily end their employment without any restrictions. Any restrictions for workers to voluntarily end their employment, such as excessive notice periods or substantial fines for terminating their employment contracts, are prohibited.
- Companies must never physically prevent or delay workers from leaving the facility or its grounds unless for reasonable safety reasons.
- Companies must grant employees permission to leave the factory under reasonable circumstances, such as personal or family emergencies, without disciplinary penalty.
- Companies must not require employees to make any monetary deposits or require employees to surrender any original identification documents as a condition of employment.
- Companies should never require employees to incur debt through recruitment fees or make any financial guarantees to secure employment.

2.2.7 Indicator for Non-discrimination

An enterprise should make its employment policies free from discrimination based on race, colour, gender, religion, national extraction, social origin, political opinion, age, or disability. Hiring policies and practices, earnings, employment conditions, access to training and promotion, and termination of employment should be based only on the requirements of the job.

Details and Clarifications

Discrimination is defined in ILO Convention 111, Art 1.1 as follows: Any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in the employment or occupation.

- Discrimination is the act and the result of treating a person unequally by imposing unequal burdens or denying benefits rather than treating the person fairly on the basis of individual merit. Discrimination can also include harassment.
- The enterprise should confirm that its employment policies are free from discrimination based on race, colour, gender, religion, national extraction, social origin, political opinion, age, or disability. Emerging prohibited grounds also include marital or family status, personal relationships, and health status such as HIV/AIDS status.
- Unless prescribed by law, mandatory pregnancy testing of female applicants, contract workers or employees is prohibited. Employers should not ask female applicants about their pregnancy status.
- Restricting or limiting reproductive rights is prohibited.
- Women returning from maternity leave should be given an equivalent position and equal pay as required by law.

2.2.8 Indicator for Occupational Health and Safety

Companies must provide workers with a safe and healthy working environment and must take proactive measures to prevent workplace hazards. Health and safety at work concerns the promotion and maintenance of the highest degree of physical, mental and social well-being of workers and prevention of harm to health caused by working conditions. It also relates to the protection of workers from risks to health and the adaptation of the occupational environment to the physiological and psychological needs of workers.

Details and Clarifications

The work environment must be safe and sanitary to ensure there are no unreasonable risks to the health and safety of all workers. Suppliers must implement procedures and safeguards to prevent accidents and injuries to workers; procedures and safeguards include, but are not limited to, inspection of buildings, machinery, and fire extinguishers. Regular and recorded health and safety training shall be provided for all new or reassigned workers and management. The responsibility for ensuring health and safety in the workplace should be assigned to a factory management representative. Adequate and appropriate personal protective equipment and clothing must be provided to all workers, particularly those handling hazardous materials.

Suppliers shall comply with these provisions in accordance with their specific industry conditions and related hazards.

Fire Safety - Enterprises must ensure

- Aisles, exits and stairwells are kept clear and unblocked at all times.
- Exits are unlocked at all times during working hours and are clearly marked. Exit doors must open outwards, be unlocked from the inside and require no special operation.
- Offices and operational units conduct regular fire drills at least once per year or as mandated by law, whichever is more frequent.

- Offices and operational units have functional, sufficient and accessible firefighting equipment.
- Offices and operational units establish an adequate evacuation plan.
- Offices and operational units' exits are properly marked with illuminated signs in English and local languages.
- Evacuation routes are marked on the floors and posted in each work area.

Electrical Safety – Enterprises must ensure

- Offices and operational units maintain appropriate electrical wiring and circuit box conditions.
- Offices and operational units use appropriate protection equipment, including rubber mats as required.

PPE/Chemical Safety – Enterprises must ensure

- The availability of complete inventory of all chemicals used in the offices and operational units, separating hazardous and non-hazardous chemicals.
- Offices and operational units establish appropriate spill response programs.
- MSDS/CSC (chemical safety card) is available for utilized chemicals in local languages and available on the floor where chemicals are being used.
- Offices and operational units appropriately store chemicals (proximity of incompatible chemicals, away from ignition sources, etc.).
- Chemical containers are opened and dated when received and properly labeled with at least the chemical names and hazard warnings.
- Offices and operational units provide appropriate PPE (Personal Protective Equipment) and training for workers.
- Workers properly utilize PPE.
- Offices and operational units establish appropriate PPE Emergency Preparedness and Response procedures and training.

- Eye wash stations are appropriately located and maintained in appointed hazardous and chemical safety areas.

Hazardous Liquids (e.g. flammable and acid-based liquids) – Enterprises must ensure

- Hazardous liquids are stored in appropriate (durable and compatible) storage bulk/drum/containers.
- Offices and operational units establish standard operating procedures (SOP) for handling flammable liquids.
- Offices and operational units maintain a list of hazardous liquids (flammable and acid base) used and stored.
- Training regarding the proper and safe storage and handling of flammable liquids is provided to workers and recorded.
- Offices and operational units establish a preventative maintenance program for flammable liquid systems and equipment installed in hazardous (classified) locations.

Sanitation – Enterprises must ensure

- Accessibility of potable drinking water for their workers.
- Restrooms, canteens, food preparation areas, dormitories, etc. are maintained in a safe and clean condition.
- Offices and operational units possess appropriate hygiene certificates for their canteens and their workers as mandated by law.

Accident/First Aid/Risk Assessment – Enterprises must ensure

- Offices and operational units maintain detailed accident/incident logs.
- Offices and operational units maintain an appropriate First Aid program as mandated by law.
- Offices and operational units maintain sufficient First Aid boxes that are maintained and restocked when needed.
- Offices and operational units maintain a safe working environment and ensure work do not cause any safety hazards.

- Offices and operational units perform and document risk assessments relating to occupational health and safety risks.
- Workers should be allowed reasonable movement in the workplace, including unrestricted access to bathrooms and drinking water.

Machine/Equipment Operation and Maintenance – Enterprises must ensure

- Training regarding the proper and safe operation of machinery/equipment is provided to workers and recorded.
- Machines are equipped with appropriate and operational safety devices, which are inspected and serviced on a regular basis.
- Machines with rotating parts are enclosed and interlocked with an automatic shut off mechanism.
- All required safety/protective guards are securely in place, in good operating condition and regularly inspected.
- Machine safety instructions (including pictures/warnings) and machine operational parameters are posted on all machinery.
- Proper Lock out/Tag out practices and procedures are implemented to safeguard employees from unexpected startup of machinery and equipment during service or maintenance activities.
- Proper Cleaning, Lubrication, Inspection and Tightening checklist are maintained after each machine maintenance.
- Maintenance records for machinery and equipment are maintained.
- All machine breakdowns are recorded on a regular basis.
- Risks associated with machine hazards are evaluated (root cause analysis) and control measures are identified and implemented.
- Workshops and operational units inspect machines/equipment before being used by workers.
- Machines/equipment are being used for their intended purpose.

- Workshops and operational units establish a Machine Safety Committee comprised of managers, worker representatives and maintenance team to address concerns related to machine safety.
- When required, factories maintain proper machine/equipment certificates and licenses.
- Radiation and light sources (lasers/welding arcs) are properly shielded.
- Workshops and operational units maintain required legal certificate/license/registration for all pressurized/compressed equipment (boilers, compressors, gas cylinders, etc.).
- Workers are not disciplined for raising safety concerns.

2.2.9 Indicator for Diversity and Equal Opportunity

Employment practices of the enterprises should be based on equal opportunities for all workers. Employment practices include, but are not limited to, recruiting, hiring, training, job assignments, compensation, benefits, promotions, discipline, termination or retirement.

Details and Clarifications

“Equal opportunity is a stipulation that all people should be treated similarly, unhampered by artificial barriers or prejudices or preferences, except when particular “distinctions can be explicitly justified.” The aim according to this often “complex and contested concept” is that important jobs should go to those “most qualified” – persons most likely to perform ably in a given task – and not go to persons for arbitrary or irrelevant reasons, such as circumstances of birth, upbringing, friendship ties to whoever is in power, religion, sex, ethnicity, race, caste, or “involuntary personal attributes” such as disability, age, or sexual orientation. Chances for advancement should be open to everybody interested such that they have “an equal chance to compete within the framework

of goals and the structure of rules established.”
(http://en.wikipedia.org/wiki/Equal_opportunity)

Equal opportunity employer – definition: An employer who agrees not to discriminate against any employee or job applicant because of race, colour, religion, national origin, sex, physical or mental disability, or age.

Equal opportunity employment – definition: An employment which is based on equal opportunity and treatment

Diversity – definition: Diversity is a commitment to recognizing and appreciating the variety of characteristics that make individuals unique in an atmosphere that promotes and celebrates individual and collective achievement.

A policy should be in place to treat all employees equally and with respect including a) identifying and designating staff member(s) to mediate disputes and resolve conflict, b) Ensuring a grievance procedure and system in response to situations involving discrimination and harassment allegations.

The enterprise shall:

- Avoid discrimination on the grounds of race, sex, language, religion, political opinion and origin amongst others.
- Guarantee equal opportunities for all employees in terms of selection, training, development, salary and access to managerial positions.
- Promote diversity (cultures, religions, origins, sex and race, amongst others) in terms of selection, training, development and salary of the employees.
- Bear in mind the diversity of cultures and/or religions of the employees (e.g. to avoid giving pork meat products to Muslims).
- Appoint persons within the company who help the workers with disabilities and other vulnerable groups and who raise awareness among the other employees.

- Support the effective return of the employees who have had a temporary disability and/or a long sick leave.

2.2.10 Indicator for Salaries

Enterprises should remunerate their employees on the base of clear and fair compensation rules and criteria. Workers on a piece rate payment scheme shall receive at least the legal minimum wage. Workers should be aware of their benefits and understand how their wages are calculated.

Details and Clarifications

- Enterprises shall pay all workers, including those on a piece rate payment scheme, the applicable overtime premium rate for all overtime hours worked.
- Enterprises shall pay all workers on probation, undergoing training or participating in an apprenticeship program in accordance with the law.
- Enterprises must provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave and severance payments, for all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be accurately calculated.
- Workers should be provided with pay slips in a language the workers understand that shows regular and overtime hours worked, regular and overtime rates and wages, bonuses and deductions. All cash payments of wages and benefits made directly to the worker must be properly documented. Accuracy and receipt of payment must be confirmed by the relevant workers in writing (signature, thumbprint, etc.). Payment of wages should be made no later than 30 days from beginning of the wage period. No wage-period shall exceed one month.

- Enterprises must only deduct from wages what is legally permitted and deductions should not be excessive. Deductions from wages must not be made without the express and written consent of workers and shall be documented in employee files. Deductions must not be made as a disciplinary measure and enterprises must not deduct recruitment agency fees.
- To define the aspects to be taken into consideration in terms of salary policy (e.g. special pricing menus at nearby restaurants, meal vouchers, amongst others).
- To have lunch service or incentives for meals (e.g. special pricing menus at nearby restaurants, meal vouchers, amongst others).
- To provide financing for transport (e.g. route bus for several companies within the area, company car, or transport subvention, amongst others).
- To offer economic support for child caring (e.g. special rates in nearby kindergartens, kindergarten vouchers) and for care-dependents (e.g. special rates in nearby day care centres and Assisted Living Facilities).
- To offer special conditions to the employees (e.g. free services related to the company, legal, fiscal and psychological support, training incentives, salary advance, tuition assistance, medical expenses, amongst others).
- To grant additional benefits to the employees depending on the performance and the productivity (e.g. to reward those who should design innovative solutions and / or who should be involved in the improvement of the company).

2.2.11 Indicator for Working Hours

Companies must provide workers with rest days and must ensure that working hours are consistent with the law and not excessive. Com-

panies shall comply with all working hour laws and regulations, public holidays and leave.

Details and Clarifications

1. Enterprises must comply with legal regulations on overtime hours. If regulations regarding the number of maximum overtime requirements do not exist, then the working hours should not exceed 60 hours per week consisting of a maximum of 48 regular hours and 12 hours of overtime.
2. Overtime should be voluntary. Workers may not be physically coerced to perform overtime work.
3. In the absence of regulations, workers must have a minimum of one day off in seven; workers may work on their rest day but should not do so more than once in every two weeks. Enterprises should ensure that workers do not consistently work on their rest day by monitoring and limiting this practice.
4. Enterprises must ensure that hours of work of all workers, including those on a piece rate payment scheme, is fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. This should include all regular and overtime hours, as well as any breaks.
5. Employees must record their own working hours, i.e. clock in and out themselves.
6. Time records for all workers must be available for review. This includes agency and temporary workers.
7. Enterprises shall provide reasonable meal and rest breaks, which at a minimum is compliant with the law.
8. Enterprises shall provide workers with all official public holidays as required by law. Suppliers shall provide workers with paid annual leave as required by law.
9. Enterprises shall have work hour policies and procedures in place to ensure compliance with the law.

2.2.12 Indicator for Harassment and Abuse

Enterprises shall not engage in or tolerate torture or cruel, inhuman or degrading treatment, bullying, harassment or abuse of any kind (physical, verbal, sexual, corporal punishment).

Details and Clarifications

Harassment - definition: A course of comments or actions that are unwelcome, or should reasonably be known to be unwelcome, to the person towards whom they are addressed.

Enterprises should establish policies preventing harassment and abuse as well as guidelines for investigating and addressing complains.

Performance Oriented

GOVERNANCE: LEADERSHIP AND CULTURE

3.1 Compass: Governance

3.1.1 What kind of governance structure and leadership culture is Christian?

Governance definition: Governance is the way of governing and leading an institution or enterprise. This is composed of values and virtues, structures (mechanisms for decisions, monitoring etc.) and leadership styles. They together build the enterprise culture.

Governance structures can be with steep or flat hierarchy, with participatory/democratic or autocratic decision making, with more or less control of power on all levels, with transparent or secret communication and information - and all variations in between.

Leadership models have a great influence on an institution or company. Different models can be distinguished (see Stückelberger, 2013, chapter 2.2): master leadership, charismatic leadership, transforming leadership, servant leadership, host leadership, chaotic leadership, principle-based leadership, care leadership, dictatorial leadership.

From the perspective of Christian values, there is not only one governance model. It has to reflect the cultural leadership models and also the personalities e.g. of entrepreneurs. In the Old Testament of the Bible, governance was in the cultural frame of kingdoms and patriarchal hier-

archical family structures. In the New Testament time, governance was influenced by the imperial governance structures of the Roman Empire and more and more pluralistic models of leadership from Egypt to Rome, from Greece to India.

The leadership style must be coherent to the leaders, otherwise it is not credible. But some leadership and governance models are excluded from being Christian: dictatorial leadership without accountability to anybody is opposed to the values of love and caring. Chaotic leadership is arbitrary, does not build trust or take employees seriously. Charismatic leadership can be very stimulating, but can hinder long term sustainability of an enterprise if everything is fixed on the charismatic leader.

Christian governance and leadership is based on virtues such as transparency, honesty and modesty, on values such as love, caring, participation and sustainability. This leads to accountability, careful and long term planning, respect for rules, encouragement of employees etc. The key for faith-based behaviour is always the same: servant governance structures means that even persons on the top position like the owner or the president of a Board still have somebody above them to be accountable: God. God governs and human beings serve His governance and kingdom. Governance therefore is of course linked to what is said in other chapters on work, on law and especially on management.

3.1.2 How to be sustainable in governance?

The question is how to find the right balance between adaptation of governance-structures to changing needs (e.g. growth of the company, succession of the owner, new legal requirements, needs of stakeholders) and constant change which binds a lot of energy and resources and leads to instability among employees. Governance structures should not be the playing field of new leaders of directors, but need to be done in function of clear analysis and needs.

Sustainability can be reached if the company-culture and basic values remain stable even if structures are changing. E.g. the commitment to Christian values and servant leadership remains, but the number of Board members, their competencies etc. may change.

A special chance and challenge is the governance structure in small and medium enterprises and family enterprises. The chance is that the personality and credibility of the owner (in most cases identical with the CEO) is the key factor. It is at the same time the challenge especially for succession and in family business to have enough space to separate family life from business in order to remain a healthy family and a healthy enterprise.

Biblical References

Proverbs 28:16: A tyrannical ruler lacks judgment, but he who hates ill-gotten gain will enjoy a long life.

2 Chronicles 1:11-12: God said to Solomon, “Since this is your heart’s desire and you have not asked for wealth, riches or honour, nor for the death of your enemies, and since you have not asked for a long life but for wisdom and knowledge to govern my people over whom I have made you king, therefore wisdom and knowledge will be given you. And I will also give you wealth, riches and honour, such as no king who was before you ever had and none after you will have.”

Mt 22:37-39 Double commandment of love: “Love the Lord your God with all your heart and with all your soul and with all your mind.’ This is the first and greatest commandment. And the second is like it: ‘Love your neighbour as yourself.’”

Other Materials on Governance

Christoph Stückelberger, Responsible Leadership Handbook For Staff and Boards, Globethics.net 2014.

N. Balasubramanian, *A Case Book on Corporate Governance and Stewardship*, New Delhi 2011.

Martin Hilb, *New Corporate Governance. Successful Board Management Tools*, 4th edition, Springer 2012 (especially on Board composition, roles and relation to management).

Summary: Compass Governance and Leadership

1. Governance must be coherent with Christian values/virtues, e.g. transparency.
2. Governance has multiple forms according to cultural traditions.
3. Good Governance means each human power is controlled.
4. Leadership is credible and coherent if the leader is a good steward, visionary pathfinder and credible example and in his/her leadership style coherent with his/her personality.



As leader be yourself, serve others, be controlled by others!

3.2. Roadmap: Governance

The organisational governance, or the so called “corporate governance” in business terms, is the most crucial factor in enabling an organisation to take responsibility for the impacts of its decisions and activities and to integrate the Christian values and sustainability concepts throughout the Christian enterprise and its relationships. There is no universally accepted definition of corporate governance. It is basically a set of relationships between a company's board, managers, its shareholders and the society within an institutional framework. These relationships evolve into the corporate governance framework, which is “the system by which companies are directed and controlled”.

VET has accepted the definition provided by ISO:

Definition of ISO 26000 for organisational governance: Organisational governance is the system by which an organisation makes and implements decisions in pursuit of its objective.

Every company operates within a 'unique' jurisdiction of its stakeholders including investors, creditors, employees, managers, and regulators. Good corporate governance seeks to create an institutional framework that encourages all participants to contribute towards better corporate performance aligned with good governance practices. As has been aptly described by Sir Adrian Cadbury in the preface to the World Bank publication 'Corporate Governance: A Framework for Implementation' (September 1999): "Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society."

Good corporate governance leads to development of a framework that provides adequate protection to the interests of stakeholders and reinforces the fiduciary responsibilities of those vested with the authority to act on behalf of the stakeholders. Organisational/corporate governance can comprise both formal governance mechanisms based on defined structures and processes and informal mechanisms that emerge in connection with the organisation's culture and values, often influenced by the leaders of the organisation. Organisational governance is a core function of every kind of organisation as it is the framework for decision making within the organisation.

Governance systems vary, depending on the size and type of organisation and the environmental, economic, political, cultural and social context in which it functions. These systems are directed by a person or

group of person (owners, members, constituents or others) having the authority and responsibility for pursuing the organisation's objectives.

Corporate governance encourages companies and those who own and manage them to achieve their business objectives through a more efficient way of using resources. Moreover, corporate governance framework should recognise the rights of stakeholders as established by law, as well as the company's responsibility for the environmental, social and ethical impacts of the company's activities and products on the society.

3.2.1 Indicator for the Governance System

A Christian enterprise must have strong and fair governance systems, structures and processes inside and outside the company that

- are based on the VET principles of good governance: accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour and respect for human rights into decision making and implementation;
- are in line with the VET Christian and sustainability principles and values (see Introduction – 01 Principles) and make it possible for the enterprises to comply with these principles.

Details and Clarifications

The governance systems, structures and processes of a Christian company or organisation should be based on seven VET Principles of Good Governance listed below, which are adapted from ISO 26000 and linked to the VET Principles, Criteria and Indicators:

- Accountability: an organisation should be accountable for its impacts on society, the economy and the environment.
- Transparency: an organisation should be transparent in its decisions and activities and their impact on society and the environment.

- Ethical organisational behaviour: an organisation should behave ethically.
- Respect for Stakeholder Interests: an organisation should respect, consider and respond to the interests of its stakeholders. Losses can be caused by the violation of rules and results in new losses.
- Respect for the Rule of Law: Take responsibility for the result. An organisation should accept that respect for the rule of law is mandatory.
- The principle of balancing stakeholders' interests: Good corporate governance is a process for all stakeholders (customers, shareholders, managers, employees, government, suppliers and other stakeholders) to reach the balance on the basis of the rules, through the formation of a game for all players.
- Respect for International Norms of behaviour: an organisation should respect international norms of behaviour, while adhering to the principle of respect for the rule of law.
- Respect for Human Rights: an organisation should respect human rights and recognise both their importance and their universality.

There is no single simple system for governing well. Companies and other enterprises vary so much in size, ownership structure, complexity, traditions and the personalities involved that the principles of good governance have to be adapted to particular circumstances. However, when a Christian entrepreneur develops the governance structures for his/her enterprise it will be helpful to consider the following nine factors:

1. Governance is political

It addresses concerns such as who is empowered to make which decision, what process they must follow, and who they must consult.

These are political questions: they influence how power is exercised within your organisation. Some people have power through their rank in the hierarchy. Some have it because they possess key resources. Some

have it through expertise and charisma. You need to ensure that the right mix is brought to bear on key decisions, both to make them and to make them stick.

2. *Governance is not management*

Governance sets the boundaries within which people operate. It identifies who is responsible for making which decision, and defines the process they use to make legitimate decisions. Management is then about making those decisions – gathering information, identifying options, making trade-offs, etc. When governance encroaches on management, people either lose sight of overall priorities or they make decisions without understanding operational context. If governance tries to replace people's skills and judgement, it will fail.

3. *Engage stakeholders at all levels*

Good decisions often need to balance the interests of multiple stakeholders. You need to apply the right mix of expertise to them. They must align to the overall strategy while still making sense to people at the coalface. Budget and resource owners must buy in. To define effective governance structures you need to identify the relevant stakeholders, take their perspectives into consideration, and win their commitments.

4. *Establish clear roles and responsibilities*

Once you understand the stakeholders, you can map out their decision rights. RACI models are a useful way to do this. They define

- Who is responsible for a decision (gathering data, identifying options, making recommendations, etc.)?
- Who is accountable for the decision (approving and paying for it)?
- Who must be consulted in the course of making the decision?
- Who must be informed about the decision?

5. *Establish oversight bodies*

Many decisions can be made through organisational standards and policies. Someone needs to define, approve, enforce and implement these standards. There are many ways to do this: factors such as culture, regu-

latory environment and market dynamics will determine what works best for your organisation. Some situations favour enterprise-wide consistency and efficient use of scarce or specialised skills. Centralised oversight works best here. In other situations, local knowledge, short command chains and fast decisions are more important, so devolved oversight makes more sense.

6. Focus on what's important

People make countless decisions every day, so let them. Governance that focuses on minutiae loses sight of the big picture and becomes bureaucracy. Focus your attention on the small set of decisions that has most influence on overall performance.

7. Attend to details

Although the big picture is crucial, you also need to ensure that someone is looking after the details. The details often drive people's perception of your organisation. They also have a habit of blowing up into big issues if they don't think about.

8. Address conflicts

Conflict is a natural state. People have different goals, and there are never enough resources to do everything we want to do. Different perspectives lead naturally to different opinions, and such conflict can become toxic if it's not addressed. Think about potential stress points upfront and map out mechanisms to deal with them. Then you can channel conflict into more helpful directions.

9. Build in feedback

You're not going to get everything right. Even if you do, your organisation and its environment will change. Create feedback loops so you can learn from experience. Ideally, these loops will operate at two levels. First, how will you monitor and adjust the outcomes of individual decisions? Second, how will you monitor and refine the decision-making processes?

At the end of all this, *your governance framework should ensure that people know*. This maximises the chance that good decisions are made.

Which decisions have the greatest influence on your objectives?

Who should be involved in these decisions?

What decision-making process will be adopted?

How outcomes will be tracked?

3.2.2 Indicator for the Decision-making Process

Christian enterprises should apply good governance in establishing a fair and efficient decision-making process that defines clear roles and responsibilities in terms of business development and planning, operations, relationships and interaction with stakeholders.

Details and Clarifications

Every organisation and enterprise has decision-making processes and structures. In some cases, these are formal, sophisticated and even subject to laws and regulations; in other cases they are informal, rooted in its organisational culture and values. A Christian organisation's decision-making processes and structures should enable it to

- develop strategies, objectives, and targets that reflect its commitment to Christian values and sustainability;
- demonstrate leadership commitment and accountability;
- identify who has what role in the company and who is responsible for making which decision, and defines the process they adopt to make legitimate decisions.
- create and nurture an environment and culture in which the VET principles of good governance, sustainability and Christian values are practised;
- create a system of economic and non-economic incentives related to performance, including in regard with sustainability and ethics;
- use financial, natural and human resources efficiently;

- promote a fair opportunity for underrepresented groups (including women and racial and ethnic groups) to occupy senior positions in the organisation;
- balance the needs of the organisation and its stakeholders, including immediate needs and those of future generations;
- establish two-way communication processes with its stakeholders, identifying points of agreement and disagreement and negotiating to resolve possible conflicts;
- encourage effective participation of all levels of employees in the organisation's activities related to Christian faith and sustainability;
- balance the level of authority, responsibility and capacity of people who make decisions on behalf of the organisation;
- keep track of the implementation of decisions to ensure that these decisions are implemented in a socially responsible way and to determine accountability for the results of the organisation's decisions and activities, either positive or negative;
- review and evaluate regularly the governance processes of the organisation; adjust processes according to the outcomes of the reviews and communicate changes throughout the organisation.

3.2.3 Indicator for Internal Control

Christian enterprises need to ensure trust with business partners and customers by setting up systems in place to ensure internal control.

Details and Clarifications

At minimum a Christian enterprise should implement the following steps towards establishment of internal control:

1. Avoid bribery and corruption

Familiarise yourself with the anti-corruption laws of the country and province;

Specify the permissible value of gifts that staff are allowed to give and accept;

Prohibit the offering of bribes or illegal advantages to persons with official dealings;

Avoid accepting overly lavish or frequent entertainment offered by business associates.

2. Avoid conflicts of interest

Avoid and declare any actual or perceived conflict of interests (where an individual or organisation is involved in multiple interests, one of which could possibly influence the motivation for an act in the other. Example: if somebody is member of a Board and he/she submits a project for a contract to this Board, this person should not be present when the Board decides on the project).

Set up a system for the declaration of conflict of interests (e.g. a standard form) and specify the actions for managing declared conflict of interests

3. Avoid unauthorised disclosure of information

Protect the company's classified information and prohibit unauthorised disclosure of such information

Ensure that company assets and information are used solely for the purpose of the company's business

Set up clear systems and guidelines on privacy and data protection for employees to follow.

Seven Key Elements of an Internal Control System

The guidelines have been elaborated by The Independent Commission Against Corruption (ICAC) in Hong Kong:

1. Clear Policies, Guidelines and Procedures

Lay down in guidelines the policy and procedure for the company's various business functions as appropriate, such as the staff administration and procurement.

Define clearly the roles and responsibilities of each level of staff or posts and the authorities for making decisions in various functions (e.g. approval of financial commitments or purchases).

Ensure the guidelines are understood by the staff concerned through briefing or training.

Update the policies, guidelines and procedures to follow the company's operation as necessary.

2. Checks and Balances

Segregate duties in important business processes (e.g. procurement) as far as practicable.

Ensure important processes performed by a single staff member are counter-checked at random (or in full) and audited as resources permit.

3. Keeping of Records

Require the staff to keep proper records of the activities carried out and their decisions (e.g. in procurement).

Safeguard important records and documents to prevent tampering.

4. Information Security

Classify the company's information (i.e. confidential and open information) and make sure all staff are aware of the classification of the information they handle.

Define information access authorities and require staff to take measures to protect the information in their possession (e.g. lock up documents or activate personal password control in the computer).

Build in security safeguards to protect data and records in the computer system (e.g. restriction on data amendments and access control).

5. Supervision

Require managers or supervisors to make spot checks on the operations and business transactions as appropriate to deter and detect irregularities.

Establish an information management system whereby the staff are required to report regularly the major business activities and trends to

the senior management and the board of directors, as appropriate, to facilitate monitoring.

6. Feedback Channels

Establish a user-friendly channel, pledging confidentiality, for feedback from both customers and staff on the activities or operations of the company.

Assign an independent staff member at the appropriate level to investigate into any irregularities reported to ensure impartiality.

7. Reporting of Suspected Corruption or Fraud

Report any suspected corruption and suspected crime such as fraud to the Police.

3.2.4 Indicator for Ethics and Sustainability Governance

The Christian enterprise should define its values in line with the sustainability and Christian values required by VET and should incorporate sustainability into its governance systems and processes through appropriate framework of governance tools, including at minimum:

- Sustainability vision, mission and strategy
- Ethical Code and other codes and initiatives subscribed by the company or its leadership, related to ethics, social, environmental and economic performance and impacts
- Fair operating practices framework
- Policies related to ethics, social, environmental and economic performance and impacts
- Remuneration and KPIs for Sustainability and Ethical Performance

Details and Clarifications

3.2.4.1 Company Values (Core Values)

Effective organisations identify and develop a clear, concise and shared meaning of values/beliefs, priorities, and direction so that everyone

understands and can contribute. Once defined, these values impact every aspect of your organisation. You must support and nurture this impact or identifying values will have been a wasted exercise. People will feel fooled and misled unless they see the impact of the exercise within your organisation. If you want the values you identify to have an impact, the following must occur

- People demonstrate and model their values in action in their personal work behaviours, decision making, contribution, and interpersonal interaction.
- Organisational values help each person establish priorities in their daily work life.
- Values guide every decision that is made once the organisation has cooperatively created the values and the value statements.
- Rewards and recognition within the organisation are structured to recognise those people whose work embodies the values the organisation embraced.
- Organisational goals are grounded in the identified values. Adoption of the values and the behaviours that result is recognised in regular performance feedback.
- People hire and promote individuals whose outlook and actions are congruent with the values.
- Only the active participation of all members of the organisation will ensure a truly organisation-wide, value-based, shared culture.

3.2.4.2 Sustainability Vision, Mission and Strategy

(from Andrew Savitz, *The Tripple Bottom Line*, Harvard University, Strategies for Sustainability Management, 2010)

Organisational sustainability vision – definition: A statement about what your organisation wants to become, describing how, within your industry and in broader terms, your company addresses now and will address in the future the challenges associated with environmental, social, and economic issues. This is a big-picture thinking and a positive

view of sustainable future in line with organisation's core values. It should resonate with all members of the organisation and help them feel proud, excited, and part of something much bigger than themselves. A vision should stretch the organisation's capabilities and image of itself. It gives shape and direction to the organisation's future.

Organisational sustainability mission - definition: A statement of primary goals and priorities in regard with the organisation's sustainability vision. The primary goal of any organisation is to increase value to its members and other key stakeholders.

Organisational sustainability strategy – definition: A plan of action that puts the sustainability vision into effect.

Organisational sustainability goals – definition: Specific objectives, aspirations or targets related to the strategy. Most useful when are stated in terms of facts, relate to specific time periods, and are designated to be achieved by a certain date.

Christian enterprise should analyse and define the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability. The organisation should formulate a statement about the overall vision and strategy for the short term, medium term, and long term with regard to managing the significant economic, environmental and social impacts that the organisation causes and contributes to, or the impacts that can be linked to its activities as a result of relationships with others (such as suppliers, people or organisations in local communities). The statement should include:

- Strategic priorities and key topics for the short and medium term with regard to sustainability, including respect for internationally recognised standards and how such standards relate to long term organisational strategy and success
- Broader trends (such as macroeconomic or political) affecting the organisation and influencing sustainability priorities
- Key events, achievements, and failures during the reporting period.

- Views on performance with respect to targets
- Outlook on the organisation's main challenges and targets for the next year and goals for the coming 3–5 years
- Other items pertaining to the organisation's strategic approach

The organisation should analyse and formulate as part of the sustainability strategy the key impacts, risks, and opportunities related to sustainability and the effects on stakeholders, including rights as defined by national laws and relevant internationally recognised standards. The sustainability strategy should include:

- A description of the significant economic, environmental and social impacts of the organisation, and associated challenges and opportunities. This includes the effect on stakeholders' rights as defined by national laws and the expectations in internationally recognised standards and norms
- An explanation of the approach to prioritizing these challenges and opportunities
- Key conclusions about progress in addressing these topics and related performance in the reporting period. This includes an assessment of reasons for underperformance or over-performance
- A description of the main processes in place to address performance and relevant changes
- Impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organisation. This should concentrate specifically on information relevant to financial stakeholders or that could become so in the future.
- A description of the most important risks and opportunities for the organisation arising from sustainability trends
- Prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organisational strategy, competitive position, qualitative, and (if possible) quantitative financial value drivers

- Targets and medium term objectives and goals (that is, 3–5 years) related to key risks and opportunities
- Concise description of governance mechanisms in place specifically to manage these risks and opportunities, and identification of other related risks and opportunities

3.2.4.3 Codes of Conduct

A *Code of conduct* is a written set of guidelines issued by an organisation to its workers and management to help them conduct their actions in accordance with its primary values and ethical standards. (see the collection of over 1000 professional Codes of Conduct in the Globethics.net online Library: www.globethics.net, libraries, collections)

Typically, an organisation's ethics policy will set out the organisation's values and principles whilst an organisation's code of conduct would outline standards of behaviour and practices. Some codes of conduct are labelled Codes of Ethics, Codes of Business Practices, Code of Values, or Code of Behaviours, but the most commonly used term seems to be Code of Conduct.

A code of conduct will start by presenting the values that underpin the code and will describe a company's obligation to its stakeholders. The code is publicly available and addressed to anyone with an interest in the company's activities and the way it does business. It will include details of how the company plans to implement its values and vision, as well as guidance to staff on ethical standards and how to achieve them.

Fair operating practices

Fair operating practices concern ethical conduct in an organisation's dealings with other organisations. These include relationships between organisations and government agencies, as well as between organisations and their partners, suppliers, contractors, customers, competitors, and the associations of which they are members.

Fair operating practice issues arise in the areas of anti-corruption, responsible involvement in the public sphere, fair competition, socially

responsible behaviour, relations with other organisations and respect for property rights. Behaving ethically is fundamental to establish and sustain legitimate and productive relationships between organisations. Therefore, observance, promotion and encouragement of standards of ethical behaviour underlie all fair operating practices. Preventing corruption and practising responsible political involvement depend on respect for the rule of law, adherence to ethical standards, accountability and transparency. Fair competition and respect for property rights cannot be achieved if organisations do not deal with each other honestly, equitably and with integrity.

Policies related to ethical, social, environmental and economic performance and impacts

The sustainability and ethical policies serve as foundations for the sustainability management system and provide direction for the entire organisation. The policies let people in the organisation know what's important to management. The policies should not be too specific or lengthy, but should be meaningful to employees as well as customers, suppliers, contractors, and other stakeholders. The content of the sustainability and ethics policy must specifically address the following commitments

- Leadership based on ethical and Christian values
- compliance with all relevant legal requirements, customer and product requirements, and any sector guidelines maintained by associations, and any other commitments made by the organisation
- prevention of workplace injuries and problems related to labour rights and human rights
- continuous improvement
- prevention of pollution and other negative environmental impacts
- other sustainability commitments, especially to stakeholder engagement.

3.2.4.4 *Key Performance Indicators (KPI)*

Definition of KPIs: Measures or mileage markers that indicate whether procedures are actually working to help the company meet its sustainability goals (Andrew Savitz, *The Tripple Bottom Line*; Harward University, *Strategies for Sustainability Management*, 2010).

As owner of the company and a leader, you are faced with the challenge of getting partners, managers, professional staff, and support staff working as a team toward a common goal. KPIs, at the level of firm, department, and individual, will engender goal congruence. To ensure all team members pull together, everyone needs to understand the department and firm goals, how each person fits into those goals, and what will happen if individuals achieve, or fail to achieve, their goals.

What gets measured gets managed and this is what benchmarking is about. The first step is to establish whether the firm's information system is capable of producing the data on a timely basis, without adding too much to the firm's cost base. Assuming the firm can capture and report data, the next step is to identify the firm's overall KPIs that drive business performance. These KPIs are then cascaded down to departments and individuals.

The Christian enterprises and their leadership should establish key performance indicators that are based on sustainable business strategy and natural capital, rather than only on financial success. Although most incentives and rewards are finance-centric and many are formula driven, the sustainability and ethics KPIs and their focus on long-term, sustainable values are better used to measure performance and are becoming the new measurement of corporate success.

Organisations must closely link executive pay strategy to their performance in regard with organisation's purpose, values, short-term and long-term performance, including sustainability performance and impacts. Avoiding extremes of pay, closely linking pay and performance and ensuring the financial 'wellness' of entry-level workers and the

other employees through paying a living minimum wage, helping employees with high levels of debt and basic needs such as affordable housing, etc.

3.2.5. Indicator for Stakeholder Engagement

Governance must be open to multi-stakeholder engagement and networking as resources for inputs into the governance system of the company.

Details and Clarifications

Definition of stakeholder: an individual or group that has an interest in any decision or activity of an organisation/enterprise.

Definition of stakeholder engagement: activities undertaken to create opportunities for dialogue between an organisation/enterprise and one or more of its stakeholders, with the aim of providing an informed basis for the organisation's decisions

Stakeholder engagement is the key to finding and staying on the sustainable path. Even if you could do everything “right” without it, engaging your stakeholders is an indispensable element of “doing business in an interdependent world.”

In most situations an organisation will already know, or can easily learn, society's expectations of the way the organisation should address its impacts. In such circumstances, it need not rely on engagement with specific stakeholders to understand these expectations, although the stakeholder engagement process can provide other benefits. Society's expectations are also found in laws and regulations, widely accepted social or cultural expectations and established standards or best practices regarding specific matters. Expectations established through stakeholder engagement should supplement rather than replace already established expectations concerning an organisation's behaviour.

Stakeholder engagement can take many forms. It can be initiated by an organisation or it can begin as a response by an organisation to one or more stakeholders. It can take place in either informal or formal meetings and can follow a wide variety of formats such as individual meetings, conferences, workshops, public hearings, round-table discussions, advisory committees, regular and structured information and consultation procedures, collective bargaining and web-based forums. Stakeholder engagement should be interactive and is intended to provide opportunities for stakeholders' views to be heard. Its essential feature is that it involves two-way communication.

A fair and proper process based on engaging the most relevant stakeholders should be developed. The interest (or interests) of organisations or individuals identified as stakeholders should be genuine. The identification process should seek to ascertain whether they have been or are likely to be impacted by any decision and activity. Where possible and practical, engagement should be with the most representative organisations reflecting these interests. Effective stakeholder engagement is based on good faith and goes beyond public relations.

When engaging stakeholders, an organisation should not give preference to an organized group because it is more “friendly” or supports the organisation's objectives more than another group. An organisation should not neglect engaging stakeholders merely because they are silent. An organisation should not create or support particular groups to give the appearance that it has a dialogue partner when the supposed partner is not in fact independent. Genuine stakeholder dialogue involves independent parties and transparent disclosure of any financial or similar support.

An organisation should be conscious of the effect of its decisions and activities on the interests and needs of its stakeholders. It should have due regard for its stakeholders as well as their varying capacities and needs to contact and engage with the organisation.

Stakeholder engagement is more likely to be meaningful when the following elements are present: a clear purpose for the engagement is understood; the stakeholder's interests have been identified; the relationship that these interests establish between the organisation and the stakeholder is direct or important; the interests of stakeholders are relevant and significant to sustainable development; and the stakeholders have the necessary information and understanding to make their decisions.

3.2.5. Indicator for Transparency and Reporting

The Christian enterprise must be transparent and responsible business. The enterprises involved in the VET should report annually on their performance, impacts and progress against their established commitments, goals and targets.

Details and Clarifications

The Christian enterprise should be transparent in its decisions and activities that impact on society and the environment. An organisation should disclose in a clear, accurate and complete manner, and to a reasonable and sufficient degree, the policies, decisions and activities for which it is responsible, including their known and likely impacts on society and the environment. This information should be readily available, directly accessible and understandable to those who have been, or may be, affected in significant ways by the organisation. It should be timely and factual and be presented in a clear and objective manner so as to enable stakeholders to accurately assess the impact that the organisation's decisions and activities have on their respective interests.

The principle of transparency does not require that proprietary information be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations.

The Christian enterprise should be transparent and report on its organisational profile and governance by clearly explaining in its VET report

- the organisation's values, mission, vision and strategy regarding sustainability, its role and main commitments and goals in regard with the sustainability issues and trends, and the progress made towards the established by the organisation sustainability goals
- the purpose, nature and location of organisation's activities;
- the identity of any controlling interest in the activity of the organisation;
- the manner in which its decisions are made, implemented and reviewed, including the definition of the roles, responsibilities, accountabilities and authorities across the different functions in the organisation;
- standards and criteria against which the organisation evaluates its own performance relating to social responsibility and sustainability;
- its performance on relevant and significant issues of social and environmental responsibility;
- the sources, amounts and application of its funds;
- the known and likely impacts of its decisions and activities on its stakeholders, society, the economy and the environment; and
- its stakeholders and the criteria and procedures used to identify, select and engage them.

Reporting and disclosure systems are necessary to ensure disclosure and utilization of the reported information such as financial accounting and reporting systems and sustainability reporting - for VET companies based on the VET Reporting Framework and Guidelines.

Resources

ISO 26000; CSR Guide for SMEs in Hong Kong; Guidelines for Corporate Governance for SMEs in Hong Kong; ICAC Governance and Inter-

nal Control; Andrew Savitz, The Tripple Bottom Line; Harvard University, Strategies for Sustainability Management, 2010.

MANAGEMENT: FOR SUSTAINABILITY

4.1 Compass: Management

4.1.1 How to make a management plan in a Christian enterprise?

Management - definition: Management means good planning of goals and implementing steps, calculating all kind of resources, identifying business opportunities and risks, having a holistic view on the interests of all stakeholders inside and outside the enterprise and promote enterprise values and culture in all activities.

The good manager has the following qualities: he/she has the mid/long term perspective and is always a step ahead of the other employees in long term planning. A good manager as entrepreneur should therefore also be a visionary, but as well the practitioners and guide. Servant leadership means to serve in guiding and leading, to defend not primarily the own interests, but the interests of the company and all stakeholders and to work hard and in high quality as a good example.

To develop a management plan requires a high level of professional know how about the industry/sector, with including financial, economic, but also cultural, social and human know how. The manager must not necessarily have all this know-how, but to know from whom and how to get it.

4.1.2 Which management principles should be applied?

A very helpful biblical example for management is Moses' father-in-law. We can read through Genesis 18:17-24 to understand the advice that Moses' father-in-law gives to Moses. This story can be considered as the earliest, oldest case teaching the management principle and method. The father-in-law of Moses observed that Moses was tired to manage people and that he had weak results. He gave Moses four management principles:

- Call upon God in all things;
- Lead people to do things following the Law of God;
- Choose people by faith, talent, character, honesty and justice and create a team;
- The principle of sharing and delegating power.

Another excellent example of a good manager and planner was *Joseph in Egypt* (Gen 41:41-57). He was appointed by the Pharaoh, King of Egypt, like the Minister of Agriculture and Economy, or like a CEO in a company. He was leading during seven years of overwhelming wealth and seven years of drought. He was planning long ahead and could therefore prevent millions of Egyptians and Israelites starving from hunger. He had excellent experts at hand to build innovative ways of storing and conserving food. He had the political wisdom to convince the political leaders and the other stakeholders to accept his plan. He had the generosity to think ahead and forgive his brothers and clan who sent him as a young man away from his family, sold as a slave. And he had the strong faith to trust in God in all periods of obstacles and difficulties.

The Christian way to elaborate and implement a management plan should be based on the following principles:

- to pray for God's wisdom and accompaniment with the Lord's Prayer: Not mine, but "your [God's] will be done" (Mt 6:10);
- to make profound and rational analysis, knowing that God gave us the rational thinking as a gift;

- to avoid relying uncritically on contemporary trends and slogans without examining if they fit in the strategy and values of the plan;
- avoiding to seek guidance from all kind of obscure powers of palmistry, astrology, secret networks or false consultants, knowing that only God can guide to a clear, transparent plan;
- to be ambitious and realistic at the same time. God knows our weaknesses and does not ask to be superstars. A management plan therefore has also to plan failures, risks, delays and legal or political obstacles while at the same time looking for growth and improvement;
- to include the monitoring and control mechanisms in the plan because a plan is only as good as its implementation steps and monitoring;
- to be open for modification of the plan if needed in the process of implementation. It means to find the middle way between not taking seriously the plan (it is only a piece of paper to forget) and being inflexible to react to new challenges
- to find the right balance between trust and control, correction of errors and forgiving, sanction and grace. Looking for high performance for high quality of products needs firm accompaniment, control and monitoring of the processes, but based on trust and improvement of skills of employees.
- to define realistic goals and measurable indicators for reaching the goals which leads to satisfaction and gives room for improvement.
- to have transparency and accountability in dealing especially with financial matters. When Paul collected money to support poorer Christians and parishes, he wanted always to be controlled in order to avoid all kind of mistrust (2 Co 8:20): He appointed Titus as his “Chief Financial Officer CFO” for the collection among wealthy Christians in Corinth for Christians in Jerusalem where there was a

hunger crisis. External audits of financial reports are part of this control.

Biblical References for Management

Gen 41:41-57: Joseph as manager in Egypt.

Ex 18:25: “Moses appointed leaders: And Moses chose able men out of all Israel, and made them heads over the people, rulers of thousands, rulers of hundreds, rulers of fifties, and rulers of ten.”

LK 12:42-48: The good and the bad manager.

Mt 23:11-12: “The greatest among you will be your servant. For whoever exalts himself will be humbled, and whoever humbles himself will be exalted.”

2 Co 8:19-21: “What is more, he [Titus] was chosen by the churches to accompany us as we carry the offering, which we administer in order to honour the Lord himself and to show our eagerness to help. We want to avoid any criticism of the way we administer this liberal gift. For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men.”

Other Materials for Management

Deon Rossouw et al: *Ethics for Accountants and Auditors*, Oxford University Press, 2nd edition, South Africa 2009.

Ronald F. Duska and Brenda Shay Duska: *Accounting Ethics*, Peking University Press 2004 (in Chinese, available from CIBE Beijing).

Dave Anderson: *How to run Your Business by THE BOOK. A Biblical Blueprint to Bless your Business*. New Jersey 2009.

Summary: Compass Management

Christian Management means to

1. *pray* for God’s wisdom: “Not mine, but your will be done”

2. *plan*, based on profound, critical analysis which is a gift from God
3. *organise* in efficient, transparent, reliable and sustainable way
4. *trust, control* and supervise the implementation of the plans
5. *lead* as God's steward in managing all resources carefully.



Manage as God's good steward.

4.2 Roadmap: Management

The main focus of good corporate governance is on the boards of the company and the controllers of smaller enterprises, because they alone can take major decisions. But, in all but the smallest enterprises, once the main structures and policies have been put in practice much detail must be added by those responsible for day-to-day management. Thus management practice has to be integrated with good governance. The organisational governance sets the boundaries within which people operate. It identifies who is responsible for making which decision, and defines the process they adopt to make legitimate decisions.

Management is about making and implementing those decisions – gathering information, identifying options, making trade-offs, etc. Most companies fall short on execution of their sustainability commitments. In most cases this is due to lack of an overall plan for operationalization of the sustainability strategy, proper management and implementation for delivering results and continuing improvement of the company's sustainability strategy, performance and impacts.

Christian companies must apply special effort to connect their values, mission and vision and stated intent in sustainability with business operations, performance and impact. This should be done in a way that maintains explicit links to the financial well-being of the company and maintains the balance between financial, economic, social and environmental aspects of company's performance and impacts.

The indicators below prescribe a process focus and a systems approach to sustainability management.

4.2.1 Indicator for Management Systems

A Christian enterprise must have an efficient management system integrally linked to its governance

Details and Clarifications

Management is about planning and operations (implementation). Operations can be further broken down into implementing, organising, leading and controlling (see below). Essential to effective management is the need to separate the planning phase from the implementation/operational elements of the role. Larger enterprises are able to conduct the planning function in the board, quite separate from the implementation roles of the CEO and the Management team. While few SMEs will have this luxury, it is important that even a sole trader separates these roles.

In the case of SMEs there is a close relationship between governance and management. Indeed in the case of the smaller SMEs they are usually indistinguishable. The management practices of different types of business will necessarily differ but they all involve the following concepts, visually presented in the following figure.



4.2.1.1 Planning

Each enterprise has to determine its own business strategy objectives. Professor Michael Porter of Harvard Business School identifies five environmental forces which affect a new venture. These are:

- Barriers to entry.
- Bargaining power of customers.
- Threat of substitute products.
- Bargaining power of suppliers.
- Jockeying for position in crowded markets.

With these forces in mind, each business then implements its strategy by planning in the following areas:

- Marketing.
- Finance.
- Product/operations.
- Research and development (where appropriate).
- Human resources.

The bridge between the Planning (Planner) and Implementation (Operator) roles can then be formed by formulation of Key Performance Indicators (KPIs) in each area of strategic importance to the Planner.

4.2.1.2 Key Performance Indicators KPI

Good KPIs will simultaneously:

- Reflect the broad strategy of the business plan.
- Focus the Manager's day-to-day decision making on areas of strategic importance.
- Identify when the business is departing from or suffering in an area of strategic importance.
- Provide a "snap-shot" for both the Planner and the Operator, of the health of the business in an area of strategic importance.
- Be capable of easy compilation and measurement.
- Be understood to be indicators of performance, not absolutes. Therefore they are designed to indicate areas needing attention, not triggers for automatic responses.
- Be measured and reviewed on a constant basis, ie weekly, monthly, quarterly or annually, depending on their nature.

4.2.1.3 Implementation

Having identified areas of strategic importance and subsequently translated those to KPIs, the Planner now has the ability to guide and measure the effectiveness of the Executor on a consistent basis. The Operator also has a clear idea of expectations and will automatically focus on strategically important areas. Importantly for smaller businesses where both the planning and operational roles are undertaken by the same person, KPIs provide an objective account of performance in areas that have been regarded as important without operational pressures or influences to muddy the decision making process. KPIs, when used properly, become signposts on a predetermined route – it is important to

remember that they do not determine the route, they merely flag when there is deviation from it.

4.2.1.4 Organising

Each SME must determine its own organisational structure and management system operating within the basic framework stipulated by the law. It is important that the organisational structure is designed with a view to bridge the gap between the Planner and the Operator while simultaneously maintaining the division. The roles are quite distinct, yet must be able to work in tandem for management of any SME to be effective.

Much emphasis has been placed on a system of benchmarking tools or KPIs for the reason that it is an effective manner to achieve this. This is particularly important for the Sole Trader, who must effectively balance the conflicting duties and demands of the separate roles in one person. Important elements of organisation can be significantly improved by an effective management style. Strong organisation, which adopts sound management principles and tools, such as benchmarking and KPIs, will enhance the following:

- Managing conflict – by using KPIs as a management tool, the Planner and the Operator will both be measuring the success of the business in the same manner, reducing the possibility of conflict between the roles.
- Coping with necessary changes – by marking the trends in fundamental areas of the business, past performance can be used to highlight needs for change, increasing the likelihood of acceptance of change. Tracking fundamentals can also measure the success of any organisational change.
- Effective communication – by focusing on both Planning and Operations

- Having a sound recruitment policy and human resource management which complies with the law on matters such as industrial relations and health and safety at work.
- Providing adequate incentive systems based on KPIs automatically focus employees on areas important to the Planner.
- Providing adequate training and individual career development of employees.

4.2.1.5 *Leading*

There are various styles of leadership. A common characteristic of family business is a measure of paternalism. Leadership style may need to change as the business develops. The main attributes of leaderships of a business are task-related and employee-related.

Management involves allocating tasks, coaching and monitoring performance, delegation and dealing with conflict. It also involves motivation and cultivating a team spirit. This requires both formal and informal effective communication. Once again, effective monitoring of KPIs will create a “no-surprises” leadership style, leading to a more harmonious working relationship between those who plan and those who execute. In the modern world SMEs increasingly need good public relations and the development of good standards of commercial practice. Leadership involves an awareness of social responsibility and good corporate governance reflects this.

4.2.1.6 *Controlling*

Governance is about exercising effective control. Management by KPIs allows the Executor the autonomy to run the business, while the Planner can be comfortable that the controls set in place will highlight any deviation from the business plan. Control involves

- Designing production/operation systems and management information systems. These have been covered at length in the previous discussions of KPIs

- Planning and make decisions
- Quality inspection of goods and services
- Measurement of productivity of employees
- Financial control by the budgetary process; financial statements; inventory control; internal and external auditing.

As was indicated earlier, there is no restriction of how a business should be controlled (except legal frame in respective countries, requirements for listed companies etc.). The most effective control mechanisms will be designed for the individual business. However, as mentioned earlier, the fundamental principles that should be followed in order to achieve the most effective control include:

- Reflecting the broad strategy of the business plan.
- Focusing the Manager's day-to-day decision making on areas of strategic importance.
- Identifying when the business is departing from or underperforming in an area of strategic importance.
- Providing a "snap-shot" for both the Planner and the Executor, of the situation of the business in an area of strategic importance.
- Being capable of easy compilation and measurement.
- Being understood to be indicators of performance, not absolutes.
- Therefore they are designed to indicate areas needing attention, not triggers for automatic responses.
- Being measured and reviewed on a regular basis, e.g. weekly, monthly, quarterly or annually, depending on their nature.

All of the above can be achieved in a vertical relationship, allowing the paternal figure to be in overall control of the business, while still allowing the junior members a high level of independence which will encourage business growth. Strong control mechanisms may actually enhance the independence of the junior members because of the greater level of confidence that comes with effective Key Performance measures.

4.2.2 Indicator for Management for Sustainability

The management system of the Christian enterprise must be based on the VET Principles of Good Governance, Christian and Sustainability Principles and must

- Address and manage sustainability risks
- Have Ethical and sustainability performance evaluation and measurement systems and processes
- Have established monitoring and reporting systems equipped to monitor and report on sustainability performance and important impacts for the company and its stakeholders
- Have assigned managers responsible for environmental, social and economic aspects; environmental and social audits performed; corrective action process and policy evaluation and update processes and procedures
- Have strong operational management
- Have Supplier Management component
- Have Grievance and Remediation component.

Details and Clarifications

The greatest barrier for companies, particularly SMEs, to implement sustainability is often perceived to be the limited financial, time and human resources available. Yet many good sustainability practices do not cost a lot of money and can actually save money (e.g. a focus on the environment through enhancing energy efficiency can reduce fuel bills and a focus on responsible human resources management can build trust among employees and increase productivity).

The table below outlines the main business benefits for being responsible ethical Christian entrepreneurs. Ethical and responsible entrepreneurship is about good business practices and management. It is about embracing change and embedding responsible practices in business decisions, combining Christian values and faith, passion and pur-

pose. Demonstrating CSR is not always about the financial benefits for the business. Sometimes acting responsibly will bring no tangible benefits. Responsible entrepreneurs act responsibly because they believe they have an ethical responsibility to do so.

- *Staff morale and staff retention*

People want to work for companies they can trust. They expect their companies to be responsible and ethical, by taking care about the needs of the workplace and protecting the environment.

- *Good relationships with the communities in which you do business*

Responsible operating practices enhance a positive relationship with the local community, regulators and investors. Good community relations can lead to a good reputation.

- *Risk management*

Acting responsibly can reduce non-financial risks (such as damage to reputation). Companies may need to be aware of the potential for future regulations on corporate practices as well as the expanding expectations and demands from civil society, NGOs, consumers and regulators.

- *Identify new opportunities*

By reducing environmental or social impact, companies can innovate and provide new products and services (e.g. products with lower energy consumption and healthier food options), which lead to new market opportunities.

- *Productivity and operational efficiency*

Good human resources management is essential. Employees need access to a safe and healthy workplace to ensure high productivity. Taking good care of employees enhances employee motivation, productivity and leads to lower absenteeism.

- *Brand and reputation*

Reputation has an impact on a business's ability to attract, finance, customers and business partners. Actions that improve a company's social

and environmental performance, especially in their product and service offerings, can have a strong impact on building loyal customers.

- *Easier access to capital*

Responsible, sustainable and ethical entrepreneurship can effectively reduce risk, which then can be translated into easier access to capital, reduced insurance premiums and better relationships with an increasingly aware and active financial sector.

- *Competitive advantage*

Sustainable ethical management can be a tool for creating competitive advantage through differentiation of products and brands. In many cases it can help reduce operational costs as well.

Resources

ISO26000; CSR Guide for SMEs in Hong Kong; Guidelines for Corporate Governance for SMEs in Hong Kong.

Performance Oriented

PRODUCT AND MARKETING: PRODUCT RESPONSIBILITY

5.1 Compass: Product and Marketing

A product is the result of work by a human being, a non-human being, a human-made machine and with support of human energy or renewable or non-renewable natural energy sources. The product can be a material product (e.g. a chair or a building), an intellectual product (e.g. a book or a lecture), a spiritual product (e.g. prayer, worshipping), a service (e.g. caring for patients in a hospital, for clients in a restaurant, driving a bus or train) or a financial product (banking, insurance) which should also be seen as a service.

Since biblical times, there had been a great shift in producing products. In biblical times, agricultural production, linked with handicraft, some trading and some services, was at the core of the production of society. In industrial times, industrial mass production was in the centre and in modern times of the information and communication society, in industrialised countries services are much more relevant and primary production whereas in developing countries the agricultural production is still the centre and in emerging countries all sectors are almost equally relevant. In a globalized world, the financial products became a key sector as the “blood” of society. Product responsibility therefore has to bear in mind these different types of products.

What is a good product or service in a Christian perspective? This question includes three dimensions: “what”, “how”, “for whom?”: What is the quality of the product? How and under which conditions of labour and nature is it produced? For whom it is produced, for which goal and purpose?

5.1.1 How to make a product of ethical and safe quality which God likes?

In Christian perspective, a product is a good product, if

- it is an expression of loving God by serving human needs;
- it enhances core values such as equity, peace, freedom, community, solidarity;
- it enhances core virtues such as honesty, transparency, modesty and reduces the vices;
- it is produced in good quality. “Good” means corresponding to the needs of the clients: some need low-price products which means that they will have a shorter life cycle. But normally “good” means sustainable, long living after intense use;
- it supports a life in dignity and reduces threats to life;
- it contributes to equal chances in life and reduces inequalities;
- the package corresponds to the content, the advertisement of the product corresponds to the reality of the product;
- product safety for human health and the environment has a high priority;
- it is produced with fair and sustainable working conditions for the producers;
- the allocation of the production (e.g. in different places in a country or around the globe) is done in an efficient and environmentally friendly way;
- the design (aesthetic) of the product is attractive, gives positive relation to the product, is innovative, but also truthful;

- fashion is used to promote a product, but respects Christian values and virtues;
- the producers (entrepreneurs, employees) do the work in an attitude of worship and as a service which means to the glory of God and not only to the glory itself and benefit.

The texts of the Old and New Testament reflect the agricultural society of the time. Agriculture and handicraft dominated professional work. Therefore, sowing, harvesting, bearing fruits are expressions for the human professional work. In biblical terms, the “product” is often called the “fruits” of human activity. The human being is compared to a tree. Good fruits (results, products) are the results of good values, virtues, faith and behaviour.

The question, how a product should be produced, is often answered in the Bible with the virtues of human behaviour. Lists of virtues are communicated especially in the letters of Paul to the parishes as in Corinth and others.

5.1.2 How can the products that the Lord likes increase the profit?

Products which are based on high quality, performance, needs and clients-oriented and produced in a sustainable and fair way have been popular in the market for a long time and increase the reputation of the enterprise as a serious, reliable, ethical and non-corruptible company.

Such product may give not a higher or even a bit lower profit than an unethical product in short term; but in mid and long term such product is more profitable especially due to reputation and legal risks by unhealthy, dangerous products which endanger the environment or human health are much lower.

Such products can help to increase the credibility of the enterprise. It also helps to increase sales by gaining trust of other Christian enterprises, of new clients, of the government, the legal authorities and of investors.

5.1.3 If the product pleased by God generates profit not in short term, how can a company survive?

Faith and Christian Entrepreneurship does not guarantee material success. But God promises righteousness, good reputation, security (Ps 112). And it does not exclude short term profit: if an enterprise launches a good product, short term profit is possible. But the perspective should be long term availability and improvement of the product and therefore profit and not only short term. If short term profit is not possible, cooperation with investors is important who are convinced about the long term potential of the product and are willing to invest without short term profit. This depends on the credibility, honesty and seriousness of the product owner/promoter (company, innovator and entrepreneur). The investors need full and transparent information and sound business planning and want to know the perception of possible risks and chances. Christian faith is in favour of this honesty which builds trust. “do not lie”, be honest”, the truth will set you free” are characteristics of a Christian entrepreneur.

5.1.4 What is the Christian view of the liability of a producer for the product supply chain?

In modern, globalised production of goods and services, the complex supply chain makes responsibility complicated in that not every part of the chain has the full information of the previous or following parts of the chain. For Christians, transparency and honesty in providing correct and complete information about a product is key for trust in business and trading. Modern information technology enables to track records of the supply chain of a product. In international production this should be supported. For local, small scale production it may be too expensive to implement.

5.1.5 What is an ethical marketing of the products and services?

Marketing includes the whole range of product/service design, advertisement, sales practices, public relations and media work incl. social media etc. The basis for a Christian, ethical marketing are the values and virtues of this document (chapter 1.2), especially the values of transparency, responsibility/accountability and innovativeness. The virtues of truthfulness, integrity and moderation are equally important.

The simple rule is that what is shown outside has to correspond to what is inside: the product design, package and adverts should mirror the real quality and value of the product or service. It can and should of course be innovative, surprising, humorous, funny and joyful, while still being true, without cheating and with honesty. The components of a product, the used materials, the quantity etc. have to be true and if possible also declared in the product information. The biblical prophets criticized 2500 years ago already unfair marketing practices, e.g. the prophet Amos (Amos 8:5-6): “skimping the measure, boosting the price and cheating with dishonest scales, buying the poor with silver and the needy for a pair of sandals, selling even the sweepings with the wheat”.

Biblical References for Product

Mt 12:33: “Make a tree good and its fruit will be good, or make a tree bad and its fruit will be bad, for a tree is recognised by its fruit.”

Mt 7:16-20: “By their fruit you will recognise them. Do people pick grapes from thorn bushes, or figs from thistles? Likewise every good tree bears good fruit, but a bad tree bears bad fruit. A good tree cannot bear bad fruit, and a bad tree cannot bear good fruit. Every tree that does not bear good fruit is cut down and thrown into the fire. Thus, by their fruit you will recognise them.”

Proverbs 21:15: “When justice is done, it brings joy to the righteous but terror to evildoers.”

Proverbs 16:8: “Better a little with righteousness than much gain with injustice.”

Psalms 112:1-9: Blessed is the man who fears the Lord, who finds great delight in his commands. His children will be mighty in the land; the generation of the upright will be blessed. Wealth and riches are in his house, and his righteousness endures forever. Even in darkness light dawns for the upright, for the gracious and compassionate and righteous man. God will come to him who is generous and lends freely, who conducts his affairs with justice. Surely he will never be shaken; a righteous man will be remembered forever. He will have no fear of bad news; his heart is steadfast, trusting in the Lord. His heart is secure, he will have no fear; in the end he will look in triumph on his foes. He has scattered abroad his gifts to the poor, his righteousness endures forever; his horn will be lifted high in honour.”

Amos 8:5-6: “skimping the measure, boosting the price and cheating with dishonest scales, buying the poor with silver and the needy for a pair of sandals, selling even the sweepings with the wheat”.

Lk 19:8: the tax collector Zacchaeus to Jesus: “I give half of my possessions to the poor, and if I have cheated anybody out of anything, I will pay back four times the amount.”

Other Materials for Product

Christoph Stükelberger: *Global Trade Ethics*, Geneva 2002, chapters 4.8-4.10 (Marketing ethics), 6.1-6.8 (fair prices, salaries, profits).

Stephan Rothlin/Dennis Mc Cann, *International Business Ethics. Focus on China*, Springer, Berlin/Heidelberg 2016, 131-156. Download for free from www.globethics.net/libraries.

Summary: Compass Product and Marketing

In Christian perspective, a product is a good product, if

1. it is an expression of loving God by serving human needs
2. it enhances core values/virtues
3. It does no harm to human and non-human beings
4. it is produced in good quality (safe, healthy, appropriate, recyclable)
5. it is produced with fair, sustainable working conditions for the producers
6. the allocation of the production is predictable, sustainable, fair.

In Christian perspective, marketing of products and services is good, if

1. there is in what is out: the advertisement corresponds to the product
2. the design (aesthetic) of the product is attractive, gives positive relation to the product, is innovative, truthful and creates joy
3. fashion is used to promote a product, but respects values and virtues
4. the costs for marketing is in a fair relation to the other production costs.



Produce good quality products and services.

5.2 Roadmap: Product and Marketing

Ethical Product Responsibility - definition: Ethical product responsibility encompasses principles, measures and actions to minimise eliminate and/or neutralise any negative impacts that the products and services provided by the enterprise can have on the enterprises' clients,

consumers of services and products, and on the general society and natural environment.

Enterprises are expected to exercise due care in the design of their products and services to ensure they are fit for their intended use and do not pose unintended hazards to health and safety. In addition, communications related to both products and services and their users need to take into consideration the needs for information from customers and their rights to privacy.

Christian entrepreneurs should proactively seek to understand what is necessary to ensure the customers' satisfaction and trust and should commit to implementing ethical product responsibility by:

- Ensuring the quality and safety of products and services
- Ensuring customers' satisfaction
- Designing and manufacturing safe products
- Minimising risks of product and service (e.g. avoiding hazardous chemical contents, etc.)
- Provide accurate information about the products and their packaging so consumers can make responsible choices
- Ensuring that products and services are priced fairly
- Apply ethical standards in marketing campaigns and advertising
- Provide fair and responsible contracts to protect customers
- Provision of good after-sales service and consumer education
- Consumers' data protection and privacy
- Ensure that products and services are economically, socially and environmentally sustainable
- Ensure the ethical treatment of animals and the protection of endangered species and habitats.

The Ethical Product Responsibility Indicators set below presents the VET recommendations per main activity areas concerning enterprises' ethical response to product design and consumer issues.

5.2.1 Indicator for Customer Health and Safety

Christian enterprises must protect consumers from hazards to their health and safety related to production, use and disposal of provided services and products. Enterprises must provide clear instructions for safe use, including assembly and maintenance.

Details and Clarifications

Protection of consumers' health and safety involves the provision of products and services that are safe and that do not carry unacceptable risks when used or consumed. The protection should cover both the intended use and foreseeable misuse. Clear instructions for safe use, including assembly and maintenance, are also an important part of the protection of health and safety.

According to ISO 26000, in protecting the health and safety of consumers, the enterprise should take the following actions and pay special attention to vulnerable groups (with special attention to children) that might not have the capacity to recognise or assess potential dangers. It should:

- provide products and services that, under normal and reasonably foreseeable conditions of use, are safe for users and other persons, their property, and the environment;
- assess the adequacy of health and safety laws, regulations, standards and other specifications to address all health and safety aspects. An organisation should go beyond minimum safety requirements where there is evidence that higher requirements would achieve significantly better protection, as indicated by the occurrence of accidents involving products or services that conform to the minimum requirements, or the availability of products or product designs that can reduce the frequency or severity of accidents;
- when a product, after having been placed on the market, presents an unforeseen hazard, has a serious defect or contains misleading or

false information, stop the services or withdraw all products that are still in the distribution chain. An organisation should recall products using appropriate measures and media to reach people who purchased the product or made use of the services and compensate consumers for losses suffered. Measures for traceability in its value chain may be pertinent and useful;

- minimize risks in the design of products by:
identifying the likely user group(s), the intended use and the reasonably foreseeable misuse of the process, product or service, as well as hazards arising in all the stages and conditions of use of the product or service and, in some cases, providing specially tailored products and services for vulnerable groups;
estimating and evaluating the risk to each identified user or contact group, including pregnant women, arising from the hazards identified; and
reducing the risk by using the following order of priority: inherently safe design, protective devices and information for users;
- assure the appropriate design of information on products and services by taking into account different consumer needs and respecting differing or limited capacities of consumers, especially in terms of time allocated to the information process;
- in product development, avoid the use of harmful chemicals, including but not limited to those that are carcinogenic, mutagenic, toxic for reproduction, or persistent and bio-accumulative. If products containing such chemicals are offered for sale, they should be clearly labelled;
- as appropriate, perform a human health risk assessment of products and services before the introduction of new materials, technologies or production methods, and, when appropriate, make documentation available to consumers;

- convey vital safety information to consumers using symbols wherever possible, preferably those that have been internationally agreed, in addition to the textual information;
- instruct consumers in the proper use of products and warn them of the risks involved in intended or normally foreseeable use; and
- adopt measures that prevent products from becoming unsafe through improper handling or storage while in the care of consumers.

Resources

ISO 26000; Guide for Implementation of CSR by SMEs in Spain.

5.2.2 Indicator for Sustainable and Ethical Product Design

Enterprises should look for ways to integrate sustainability and ethical principles into all aspects of the product development cycle with the aim to reduce a product's negative impact on society and the environment in the many aspects of its life – from concept and design to the manufacture, packaging, delivery, utilization, and disposal or possible return of the product as source of materials back into the manufacturing process.

Details and Clarifications

Sustainable and ethical product design encompass the selection of materials, use of resources, production requirements and planning for the final disposition (recycling, reuse, remanufacturing, or disposal) of a product. It takes into account the socio-economic circumstances of the company and the opportunity for the firm to address social problems associated with poverty, safety, inequity, health and the working environment. It must be integrated with a company's existing product design so that environmental and social parameters can be integrated with traditional product attributes such as quality, cost, and functions.

When large corporations make commitments to sustainability (e.g. Wal-Mart or GE), delivery on these commitments plays out in their supply chain, and small- and medium-sized companies must cater for their customer's needs. Since 50-75% of costs are locked-in at the design stage, smaller companies who are at the front end of other companies' product cycles need to consider sustainable product redesign.

As part of the adoption of the sustainable ethical product design concept, the enterprise should envisage the following goals:

1. *In product design, focus on development of low-carbon products and services if possible make improvements in the life cycle of the existing products and services to minimise their carbon footprint*

The business opportunity to develop new or enhance existing products and services for a low-carbon market is potentially huge. If businesses establish themselves as the front runners in designing energy efficient or low-carbon products they can potentially become global market leaders.

Carbon Labelling: More and more companies are thinking about sticking labels on their products which identify its carbon footprint. If we are to engage consumers in the debate and encourage them to make the right decisions, carbon labelling can be a useful tool. However, it needs to be done carefully and put into context. How can we equally measure the carbon footprint of a steak compared with a Black Forest cake? These are difficult questions and this is why a clear and standard practice for carbon labelling needs to be addressed. A new product carbon foot printing standard was launched recently – PAS 2050. DEFRA, the Carbon Trust, The Climate Group, the British Standards Institute and the CBI were all widely involved in its creation.

Carbon Reporting: As the old saying goes 'you can't manage what you don't measure'. Whilst a substantial number of companies currently report their greenhouse gas emissions, there is a lack of comparability and consistency in what they report, which can lead to confusion and

charges of green washing. It is vital that the carbon reporting is based on a clearly described method:

2. *Apply life-cycle assessment (LCA) and social-life-cycle assessment (S-LCA)*

The goal is to apply it to each product at the product design and development stages with the aim to reduce the product's negative impact on society and the environment in the many aspects of its life (from raw material extraction, production, use, to product end of life disposal). Note: The procedures of life cycle assessment (LCA) are part of the ISO 14000 environmental management standards: in ISO 14040:2006 and 14044:2006. (ISO 14044 replaced earlier versions of ISO 14041 to ISO 14043.). The term *life cycle*, in the context of environmental management and sustainable product design, refers to the notion that a fair, holistic assessment of product and service's impacts requires the assessment of raw-material production, manufacture, distribution, use and disposal including all intervening transportation steps necessary or caused by the product's existence. It is different from the business term product lifecycle used in business management and marketing.

LCA – definition (Source: Definition of LCA, USEPA, 2010): A life-cycle assessment (LCA, also known as life-cycle analysis, Eco balance, and cradle to-grave analysis) is a technique to assess environmental impacts associated with all the stages of a product's life cycle from cradle-to-grave (i.e., from raw material extraction through materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling). LCAs can help avoid a narrow outlook on environmental concerns by compiling an inventory of relevant energy and material inputs and environmental releases; by evaluating the potential impacts associated with identified inputs and releases; by interpreting the results to help make a more informed decision.

Social life cycle assessment (S-LCA) –definition: S-LCA is a method that can be used to assess the social aspects of products and their poten-

tial positive and negative impacts along the life cycle. This looks at the extraction and processing of raw materials, manufacturing, distribution, use, reuse, maintenance, recycling and final disposal. S-LCA makes use of generic and site-specific data, which can be quantitative or qualitative, and complements LCA with social aspects. It can either be applied on its own or in combination with LCA.

3. *When possible and feasible – apply “cradle-to-cradle” product design approach to eliminate the negative impacts of product disposal.*

The “cradle to grave” product lifecycle includes disposal as a final stage in the product life. As distinct from cradle to grave, “cradle to cradle” product design and development eliminates the disposal phase of a product’s lifecycle by incorporating plans for reuse or recycling into product development. It eliminates product’s “end of life” by ensuring that materials formerly considered waste will either have the potential to biodegrade naturally or restore the soil, or to be fully recycled into high-quality materials to make other products.

5.2.3 Indicator for Customer Privacy

Protect the consumers’ right to privacy by limiting the types of information gathered and used, especially for identifiable information.

Details and Clarifications

Consumer data protection and privacy are intended to protect consumers' rights of privacy by limiting the types of information gathered and the ways in which such information is obtained, used and secured. Increasing use of electronic communication (including for financial transactions) and genetic testing, as well as growth in large-scale databases, raise concerns about how consumer privacy can be protected, particularly with regard to personal identifiable information.

To prevent personal data collection and processing from infringing privacy, an organisation should:

- limit the collection of personal data to information that is either essential for the provision of products and services or provided with the informed and voluntary consent of the consumers;
- refrain from making the use of services or the claim to special offers contingent on agreement by the consumers to the unwanted use of data for marketing purposes;
- only obtain data by lawful and fair means;
- specify the purpose for which personal data is collected, either before or at the time of data collection;
- not disclose, make available or otherwise use personal data for purposes other than those specified, including marketing, except with the informed and voluntary consent of the consumers or when required by the law;
- provide consumers with the right to verify whether the organisation has data related to them and to challenge these data, as defined by law. If the challenge is successful, the data should be erased rectified, completed or amended, as appropriate;
- protect personal data by adequate security safeguards;
- be open about developments, practices and policies regarding personal data, and provide readily available ways of establishing the existence, nature and main uses of personal data; and
- disclose the identity and usual location of the person accountable for data protection in the organisation (sometimes called the data controller), and hold this person accountable for complying with the above measures and applicable law.

5.2.4 Indicator for Marketing, Pricing, Service, Complaints

The Christian enterprises should follow the ethical norms as a base for establishment of rules and procedures for marketing, pricing, service, support and complaints.

Details and Clarifications

The growth of consumer activism shows that stakeholders consider marketing communications a significant issue when they:

- Do not conform to generally accepted ethical or cultural standards;
- Are irresponsible in relation to privacy intrusion and dual standards;
- Are irresponsible in their attempts to influence vulnerable group such as children; and
- Are irresponsible in portraying gender roles in ways that are not respectful.

The Christian enterprise should:

- Offer competitive prices with an assurance of good quality
- Provide factual and unbiased information for consumers
- Protect consumers against dishonest or misleading advertising or labelling
- Provide proper installation, warranties and guarantees and technical support regarding use, return, repair and maintenance
- Provide effective consumer redress for the fair settlement of claims
- Compensate consumers for misinterpretation of marketing performance, badly made products or unsatisfactory services
- Educate consumers on environmental, social and economic impacts
- Help consumers to know their rights and responsibilities (such as providing clear wording on contracts for services).

5.2.5 Indicator for Labelling of Products and Services

The Christian enterprise should commit to providing accessible and adequate information on the sustainability impacts of products and services (positive and negative) to customers and end users as well as allowing them to make informed purchasing choices, and for these preferences to be reflected in the market.

Details and Clarifications

Accessible and adequate information on the sustainability impacts of products and services (positive and negative) is necessary for customers and end users to make informed purchasing choices, and for these preferences to be reflected in the market. Providing appropriate information and labelling with respect to sustainability impacts is directly linked to compliance with certain types of regulations and codes (such as national laws or the OECD Guidelines for Multinational Enterprises) and, potentially, with strategies for brand and market differentiation.

Today's consumers are better informed and more focused on reducing environmental impact and improving the quality of life of the workers/producers of the products. Some retailers now offer more ethical and environmentally-friendly products (e.g. organic and fair trade foods, eco-tourism) to cater to this emerging market.

The Christian enterprise should provide specific information that enables consumers to make informed decisions. For example:

- Is the product made in an environmentally or socially responsible workplace or way?
- Are the raw materials from which the product is made from a sustainable source (e.g. timber products)?
- Is the product more energy efficient than others in the market?
- Are animals used to test the product (e.g. for beauty products)?
- Is the product certified by a trustworthy party (e.g. is it really organic or fair-trade)?

More consumers than ever before are willing to make choices based on ethical considerations, but few companies provide enough information for them to make an informed choice.

PERFORMANCE AND PROFIT: EFFICIENT AND FAIR

6.1 Compass: Performance and Profit

6.1.1 What is the biblical value of financial performance for business and faith?

“Material wealth is good but God is best” (Makonen Getu, source below). Financial performance and profit is needed for long term maintenance of a company and therefore also for jobs and production of products. Good financial performance is therefore positive and needed. Financial profit is a result of efficiency and reasonable use of limited resources, of good stewardship and management, of long term planning by avoiding short term high (financial and reputation) risks etc.

The producer has the right and obligation to ask for a fair price of the product. He has not to give it for free (except as a philanthropic action for needy, but then it is sharing and caring in addition to making money). An owner of property such as land or real estate has the right and obligation to ask for charges in order to be able to pay the costs and have an adequate profit.

The question therefore is not if there should be profit in the financial performance, but how this profit is gained and for what it is used. This is explained in 6.1.3.

Important for the Bible and Christians is not to depend on profit in the sense of greed for money as an addiction while forgetting that the priority is to serve God. Greed should not be the driving force for financial success, but the vision and commitment to sustainable growth should be the driving force for success (Mathew effect). Christian entrepreneurs hate dishonest gains (Ex 18:21), avoid to become greedy (1 Tim 4 and 6), pay faire wages ((LK 10:7), a trustworthy accountant and never forget the ultimate goal of business: not to dominate over others but to serve God (Matt 20:28) and be thankful to what he gives us for free. To earn money is necessary to sustain one's own life or the life of others, but when being addicted and greedy for money, then money becomes – according to the Christian faith – the mammon. “You cannot serve God and Mammon” (Matt 6:24) means: You cannot have two masters, you cannot serve God and wealth, but you can use your wealth to serve God. So the bible is not against wealth, but warns that wealth does not replace God.

6.1.2 How to be sustainable in financial performance?

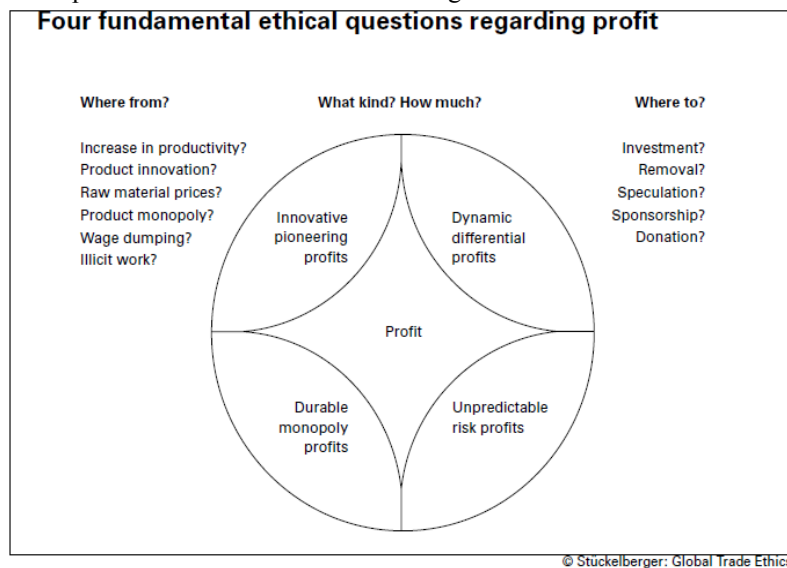
Long term financial success depends on credibility and high reputation. The good name (brand) of a company and of a company leader is built on high professional competence, personal commitment, seriousness, honesty, transparency and reliability. If clients know that somebody or a company delivers in time, a good product, without cheating, with real product information, with good follow up services in case of trouble with the product and that the company still exists in five or ten years, but is at the same time able to innovate and further develop a product, which then leads to trust, credibility and reputation and long term financial income. It may not lead to a short term maximum profit, but better to keep the trust of the clients than maximize profit.

6.1.3 What is a fair profit?

A fair profit (as a fair price) is a complex economic and ethical mechanism and cannot be found in a simple way. But answers to four questions imply indications for a fair profit:

1. *Where does the profit come from?* What is the source of profit? Profit from increase of productivity e.g. from an innovation is positive. Profit from increased productivity based on exploitation of nature or human resources or illegal transactions is ethically negative.
2. *What kind of profit?* Ethically positive are : *Unpredictable risk profits* which are based on an uncertain future and serve as a protection against risks; *innovative pioneering profits* which serve as an incentive for innovative entrepreneurial courses of action; *Dynamic differential profits* which result from the relocation of production factors to lower price countries or regions if they still respect human dignity and environmental sustainability. Ethically negative are permanent *monopoly profits* because they are often not based on performance but on privileges and lack of competition. *Social profits* are visible in the social media such as Facebook, Amazon and Jingdong. They create social value and have no other long-term financial profit, but these companies are among the world's highest stock value. The reason is that its social value and the expected profit is very large.
3. *How much profit?* The level of profit cannot be fixed in absolute terms but has to be in relation to fair payment of costs and remuneration of all stakeholders incl. shareholders, public (taxes) etc. More in other places.
4. *For what purpose is the profit used?* The ethical validation of profit also depends on the use of profit: if it is used to build reserves in order to safeguard long term existence of the company and secure jobs or if it is used by the entrepreneur or shareholders for personal gambling or used for investments of innovation or for philanthropy,

shared as donation to give something back to God and society as an expression of thankfulness for God's grace.



Biblical References on Performance and Profit

1 Tim 4:8 “For physical training is of some value, but godliness has value for all things, holding promise for both the present life and the life to come.”

1 Tim 6:5-10: “... corrupt mind, who have been robbed of the truth and who think that godliness is a means to financial gain. But godliness with contentment is great gain. For we brought nothing into the world, and we can take nothing out of it. But if we have food and clothing, we will be content with that. People who want to get rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction. For the love of money is a root of all kinds of evil.”

Other Materials on Performance and Profit

Makonen Getu, The Biblical Perspective of Transformational Business, in David Emmanuel Singh and Bernard C Farr (Eds), The Bible and Christian Ethics, Regnum Books International, Oxford 2013, 72-83.

Dinaga, Martin (ed.), A Common Word. Buddhists and Christians Engage Structural Greed, Lutheran World Federation, Geneva 2012.

Stückelberger, Christoph, Global Trade Ethics. An Illustrated Overview, Geneva 2002.

Summary: Compass Performance and Profit

1. *Financial Performance* is an expression of good stewardship as efficient use of resources and as good ratio of input and output.

2. *Financial performance* is needed for sustainable business.

3. *Fair Profit*: Profit is needed. Whether profit is ethical, depends on four factors A) Where does it come from (fair salaries, fair taxes, fair product)? B) What kind of profit? C) How much? D) What it is used for?



Make fair profit!

6.2 Roadmap: Performance and Profit

6.2.1 Indicator for Sustainable Financial Performance

Key to sustainable financial success of an enterprise is its ability to generate economic value in a long and short term in a sustainable way, by minimising its social and environmental negative impacts, and to

distribute this value among its stakeholders in a way that builds long-term capacity for value creation and increases the wealth in both the enterprise and the society.

Details and Clarifications

Focusing only on profit-making and maximization of shareholder value is actually a bad way to run a business. Roger Martin, Dean of the Rotman School of Management at the University of Toronto compares “managers who aim to optimise the price of the stock rather than the performance of the company with an analogy of football players betting on their own games. If the players focus on winning the game, all of their incentives align with excellent performance. However, if they are rewarded based on the betting pool, they begin to worry about managing the odds. Betting odds, like stocks, are based on expectations of future performance. The better a team does, the higher expectations run. Players who want to make money by betting must manage the bookies' expectations, either by strategically losing some games to lower expectations, or by taking greater and greater risks to achieve unprecedented levels of success. Either way, when players start playing to meet 'expectations' rather than to win the game itself, their team's performance suffers.”

Today all the evidence suggests that the primacy of shareholder value has not actually benefited shareholders but has instead turned into a bonanza for senior executives: in 1970, only 1% of a Fortune 500 chief executive's compensation was in stock options and the average salary was \$700,000 (£438,000). Today stock and stock options account for 80% of the vastly inflated average compensation, which has increased more than 1,800% to \$12.9m (£8m).

Given long enough time on the horizon, the interests of the company, the investors, and the executives would ultimately align. But with average chief executive tenure of four and a half years, and average stock holding period of only four months, short-term pressures exacerbate the

focus on manipulating the stock rather than building the business. The increase in high speed trading and the proliferation of hedge funds and private equity firms have further increased the short-term pressures on financial engineering rather than long-term value creation.

The heaviest cost of all, however, is neither to the company nor its shareholders, but to our society and our planet. The ubiquitous mandate to maximize short-term shareholders' value has driven a deep wedge between business and society. The long term success of any company depends on the health and wellbeing of its employees, customers, and the communities in which it operates.

Unfortunately, these factors do not affect the quarterly earnings that drive analysts' expectations. CEOs who manage the stock, rather than the company, have little reason to think about the social and environmental consequences of their actions. And the result – whether in oil spills or credit derivatives – brings devastation far beyond the company's own shareholders.

Today a small, yet growing cadre of sophisticated business leaders are beginning to expand their focus beyond merely maximizing shareholders' value to creating shared value. They are building strong companies and healthier societies at the same time; making money by reducing their environmental footprint, meeting the needs of low-income group, and finding innovative, profitable solutions to social problems. One might expect that such an "altruistic" approach would diminish shareholders' returns: instead, it keeps corporate leaders focused on the most powerful emerging trends and the long term fundamentals of their businesses.

6.2.2 Indicator for Environmental Risks

Climate change and environmental degradation present risks and opportunities to organisations, their investors, and their stakeholders. Organisations may face physical risks due to changes in the climate

system and weather patterns. These risks may include the impact of increased storms; changes in sea level, ambient temperature, and water availability; impacts on the workforce such as health effects (e.g., heat-related illness or disease); or the need to relocate operations.

As governments start to regulate activities that contribute to climate change, organisations that are directly or indirectly responsible for emissions face regulatory risks due to increased costs or other factors impacting competitiveness. Limits on greenhouse gas emissions can also create opportunities for organisations as new technologies and markets appear. This is especially the case for organisations that can use or produce energy and energy products more efficiently.

6.2.3 Indicator for Economic Value Generation and Distribution

Financially sustainable, competitive ethical enterprises and co-operatives ensure their long-term success by recognising their integral connection with and role within the communities and the society, thus each enterprise can create economic value for both their shareholders and the society and distributes wealth among all its stakeholders.

Details and Clarifications

Enterprises are crucial in creating wealth in any community. Organisations can help create an environment in which entrepreneurship can thrive, bringing lasting benefits to communities. Organisations can contribute positively to wealth and income through entrepreneurship programs, development of local suppliers, and employment of community members, as well as through wider efforts to strengthen economic resources and social relations that promote economic and social welfare or generate communal benefits. Furthermore, by helping create wealth and income at the local level and promoting a balanced distribution of the economic benefits among community members, organisations play a

significant role in reducing poverty. Entrepreneurship programs and co-operatives targeting women are particularly important as it is widely recognised that the empowerment of women contributes greatly to the wellbeing of society.

In many situations the physical, social and economic isolation of communities can be an obstacle to their development. Organisations can play a positive role in the development of communities by integrating the local people, groups and organisations in their activities or value chains. From this perspective, community development considerations can become an integral part of organisations' core activities. Wealth and income creation also depend on a fair distribution of the benefits of economic activity. Governments rely upon organisations meeting their tax obligations to obtain revenues for addressing critical development issues.

An organisation contributes to development through compliance with laws and regulations. In some circumstances community groups' failure to operate within the intended legal framework is a consequence of poverty or development conditions. In these circumstances, an organisation that is involved with groups operating outside the legal framework should aim to alleviate poverty and promote development. An organisation should also seek to create opportunities that will enable these groups to achieve greater, and ultimately full, compliance with the law, especially concerning economic relationships.

The table below shows how economic value generated by the company is distributed to the company stakeholders and the wider society:

Component	Comment
Direct economic value generated	
a) Revenues	Net sales plus revenues from financial investments and sales of assets
Economic value distributed	
b) Operating costs	Payments to suppliers, non-strategic investments, royalties, and facilitation payments
c) Employee wages and benefits	Total monetary outflows for employees (current payments, not future commitments)
d) Payments to providers of capital	All financial payments made to the providers of the organization's capital.
e) Payments to government (by country – see note below)	Gross taxes
f) Community investments	Voluntary contributions and investment of funds in the broader community (includes donations)
Economic value retained (calculated as Economic value generated less Economic value distributed)	Investments, equity release, etc.

An organisation should:

- consider the economic and social impacts of entering or leaving a community, including impacts on basic resources needed for the sustainable development of the community;
- consider supporting appropriate initiatives to stimulate diversification of existing economic activity in the community;
- consider giving preference to local suppliers of products and services and contributing to local supplier development if possible;
- consider undertaking initiatives to strengthen the ability of and create opportunities for locally based suppliers to contribute to value chains, giving special attention to disadvantaged groups within the community;
- consider assisting organisations to operate within the appropriate legal framework;
- engage in economic activities with organisations that, owing to low levels of development, have difficulty meeting the legal requirements only where:
- the purpose is to address poverty;

- the activities of these organisations respect human rights, and there is a reasonable expectation that these organisations will consistently move towards conducting their activities within the appropriate legal framework;
- consider contributing to durable programs and partnerships that assist community members,
- especially women and other socially disadvantaged and vulnerable groups to establish businesses and co-operatives, in improving productivity and promoting entrepreneurship. Such programs could, for example, provide training in business planning, marketing, quality standards required to become suppliers, management and technical assistance, access to finance and facilitation of joint ventures;
- encourage the efficient use of available resources including taking good care of domesticated animals;
- consider appropriate ways to make procurement opportunities more easily accessible to community organisations, including, for example, through capacity-building on meeting technical specifications, and making information about procurement opportunities available;
- consider supporting organisations and persons that bring needed products and services to the community, which can also generate local employment as well as linkages with local, regional and urban markets where this is beneficial for the welfare of the community;
- consider appropriate ways to help the development of community-based associations of entrepreneurs;
- fulfil its tax responsibilities and provide authorities with the necessary information to correctly determine taxes due; and
- consider contributing to superannuation and pensions for employees.

6.2.4 Indicator for Job Creation and Skills Development

Employment is an internationally recognised objective related to economic and social development. By creating employment, all organisations, large and small, can make a contribution to reducing poverty and promoting economic and social development. Skill development is an essential component of promoting employment and of assisting people to secure decent and productive jobs and is vital to economic and social development.

Details and Clarifications

An organisation should:

- analyse the impact of its investment decisions on employment creation and, where economically viable, make direct investments that alleviate poverty through employment creation;
- consider the impact of technology choice on employment and, where economically viable in the longer term, select technologies that maximize employment opportunities;
- consider the impact of outsourcing decisions on employment creation, both within the organisation making the decision and within external organisations affected by such decisions;
- consider the benefit of creating direct employment rather than using temporary work arrangements;
- consider participating in local and national skills development programs, including apprenticeship programs, programs focused on particular disadvantaged groups, lifelong learning programs and skills recognition and certification schemes;
- consider helping develop or improve skills development programs in the community where these are inadequate, possibly in partnership with others in the community;
- give special attention to vulnerable groups with regard to employment and capacity building; and

- consider helping to promote the framework conditions necessary to create employment.

6.2.5 Indicator for Impact of Technologies, Infrastructure and Services

Addresses impacts of technology, infrastructure development and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement As part of generating and distributing economic value, an organisation can affect an economy through its investments in infrastructure. The impacts of infrastructure investment can extend beyond the scope of the organisation's own business operations and over a longer timescale. This might include transport links, utilities, community social facilities, sports centres, health and welfare centres, etc. Along with investment in its own operations, this is one measure of an organisation's capital contribution to the economy.

To help advance economic and social development, communities and their members need, among other things, full and safe access to modern technology. Organisations can contribute to the development of the communities in which they operate by applying specialized knowledge, skills and technology in such a way as to promote human resource development and technology diffusion.

Information and communication technologies characterize much of contemporary life and are a valuable basis for many economic activities. Access to information is key to overcome the disparities that exist between countries, regions, generations, genders, etc. An organisation can contribute to improved access to these technologies through training, partnerships and other endeavours.

An organisation should:

- Consider contributing to the development of innovative technologies that can help solve social and environmental issues in local communities;

- Consider contributing to the development of low-cost technologies that are easily replicable and have high positive impact on poverty and hunger eradication;
- Consider, where economically feasible, developing potential local and traditional knowledge and technologies while protecting the community's right to that knowledge and technology;
- Consider engaging in partnerships with organisations, such as universities or research laboratories, to enhance scientific and technological development with partners from the community, and employ local people in this work;
- Adopt practices that allow technology transfer and diffusion, where economically feasible.
- Where applicable, an organisation should set reasonable terms and conditions for licenses or technology transfer so as to contribute to local development. The capacity of the community to manage the technology should be considered and enhanced.

INNOVATION: TECHNICAL, SOCIAL, ORGANISATIONAL

7.1. Compass: Innovation

Innovation is often understood only as technological innovation. But innovation includes technical, social, organisational, cultural, religious and mental dimensions. A purely technical innovation is often not bringing the expected results, if it is not combined with organisational, social and cultural innovation in a company and in society.

7.1.1. How to ethically use technology in an enterprise?

Technology is a gift of God. God gave us hands, feet, ears, a voice, the brain. Technology is the extension of the human body: a heel extends our arms, a wheel speeds up our feet, a computer supports our brain, media multiply and strengthen our voice. Technology therefore is not negative, on the contrary a very positive gift of God as our body. But all depends how to use it. All technologies are ambiguous as our physical and mental capacities. They can destroy and heal, kill and give life.

The use of technology should be human-oriented and value-oriented, all in all God-centred, used for the Glory of God, as the Reformer John Calvin said: let us use Mathematics and Astronomy as sciences to praise God and his creation.

The biggest challenge today is how far technology should be used to replace human labour by automated production. Jobless growth is unethical. Using technology should not only replace jobs, but also create jobs!

7.1.2 What are characteristics of Christian ethical innovation?

Innovation is the combination of creativity (invention and others) and its implementation for new solutions to problems and requirements in technical or societal issues. It is different from improvement as a gradual modification of an existing solution. Ethical innovation is an innovation based on ethical values.

Innovation is mainly understood as technological innovation. But there are innovations in management, in political decision making, in writing styles, in marketing, in religious beliefs and values, in culture, in the way to communicate and to build communities, families etc.

In the Bible, other terms than innovation are used: transformation means the inner transformation of soul, body and society towards justice. In the New Testament, “metanoia” means to re-direct the mind and actions to God, the new creation, looking at the kingdom of God and not at the own greed.

The motivation and roots for innovation influences its ethical character: scarcity innovation comes out of the need to deal with scarce resources and to make the best out of it. Basic needs innovation improves the lives by producing goods and services for a life in dignity; spiritual innovation opens inner ways to God by prayer and worship. They all are positive. Sated innovation looks for a new product in a sated market. It may not be needed or increases only consumerism. Fashion innovation produces “more of the same” in a new look. It can increase joy, but can also increase wastefulness, unnecessary consumerism and prodigality instead of frugality.

The twelve “I’s” of the ethical innovator

The ethical innovator is:

Ingenuous	thinking outside the box
Intuitive	holistic rational, emotional, social
Inspirational	inspired by the spirit and visions
Integer	honest, transparent, not plagiarising
Independent	from authorities and mainstream trends
Inclusive	for the benefit of deprived and needy
Improving	improving living conditions
International	not only for protected beneficiaries
Indigenous	respecting and integrating indigenous culture
Influential	ambitious in influencing mainstream
Income generating	creating jobs and avoiding jobless growth
Indefatigable	full of hope and energy to overcome obstacles

7.1.3 How to use technological innovation in a Christian way?

Innovation is ethically positive if it strengthens human dignity, meets basic human needs, and improves participation, freedom, equality, justice, sustainability, integrity, peace and reconciliation. It is positive if it is done in honesty, truthfulness, without cheating or piracy of intellectual property.

Innovation is ethically negative if it weakens these values, violates human dignity, strengthens human greed, increases exclusion, dependency, inequality, injustice, ecological destruction, war, corruption and destroys lives. It is negative if it is based on stealing the innovative ideas of others, is based on cheating and doubtful information, killing jobs without creating others.

Biblical References on Innovation

Ezekiel 14:6: “Thus says the Lord GOD: Repent and turn away from your idols; and turn away your faces from all your abominations.” Innovation means first reorientation towards Gods values.

Lk 4:18-19: “The Spirit of the Lord is upon me, because he has anointed me to bring good news to the poor. He has sent me to proclaim release to the captives and recovery of sight to the blind, to let the oppressed go free, to proclaim the year of the Lord’s favour.”

Ro 12:2: “Do not be conformed to this world, but be transformed by the renewing of your minds, so that you may discern what is the will of God - what is good and acceptable and perfect.”

Eph 4:22-23: “You were taught to put away your former way of life, your old self, corrupt and deluded by its lusts, and to be renewed in the spirit of your minds.” Innovation means first of all renewal of the inner spirit and orientation.

Other Materials on Innovation

Jean-Claude Bastos/Christoph Stückelberger: Innovation Ethics. African and Global Perspectives, Globethics.net Publications, Geneva 2014.

Summary: Compass Innovation

The ethical innovator is

- Ingenuous: thinking outside the box
- Intuitive: rational, emotional, social
- Inspirational: inspired by the spirit
- Integer: honest, transparent
- Independent: from mainstream trends
- Inclusive: for the benefit of needy
- Improving: improving living conditions

- International: not only for own nation
- Indigenous: respect indigenous wisdom
- Influential: influencing mainstream
- Income generating: creating jobs
- Indefatigable: full of hope and thanks.



Make ethical innovation!

7.2. Roadmap: Innovation

Innovation is a key driver for the competitiveness of the company and the improvement of products and all parts of the company. Key are the status and quality of the equipment and technology applied in the company, the levels of technical innovation, productivity and efficiency compared to other similar enterprises and the relevance to the Green economy and sustainable growth which combines the increase of productivity with the decreased use of natural resources.

7.2.1 Indicator for Sustainable Technical Innovation

Wherever possible, a Christian entrepreneur should look for and apply effective and simple technical solutions and new cutting edge technologies with minimum negative impact on the environment and the society in every aspect of company's operations, processes and systems, products and technology.

Details and Clarifications

Assess status and quality of the equipment and technology applied in the company

Benchmark levels of technical innovation, productivity and efficiency to other similar enterprises

Look for new technologies and apply creativity and innovation.

7.2.2 Indicator for Sustainable Innovative Production

Innovation, creativity, application of simple effective technical solutions and new cutting edge technologies must be applied strategically step by step in order to redesign the company's operations and processes for transition towards sustainable products and services. The Christian entrepreneur should commit to and undertake a step-by-step process of redesigning its governance, management, operational, production and service systems and its products' and services' lifecycle in accordance with the principles of natural capitalism, as described in such approaches as biomimicry, cradle to cradle, industrial ecology, and circular economy with the aim of transforming all its products and services into sustainable.

Details and Clarifications

Sustainable production – definition: Sustainable production begins by rethinking industry, and development and implementation of new technologies, processes and products that meet human needs, ensure preservation of human dignity, deliver higher quality of life in ways that achieve durable competitive advantage, and solve most of the environmental and many of the social challenges facing the planet—at a profit.

The concept of *Natural Capitalism*, one of the widely applied and tested practical approaches for sustainable production, shows how more sustainable production choices could meet our needs for water, food and fibre and be the basis for a much more prosperous society without negative impact on the ecosystems and the natural environment.

Natural Capitalism is based on three principles which will, over time, become the central operating principles of business and society worldwide:

- *Buy time (means save time)* by using resources more productively;
- *Redesign* all industrial processes and the delivery of products and services to do business as nature does, described in such approaches as biomimicry, cradle to cradle and industrial ecology; and
- *Manage* all institutions to be restorative of natural and human capital.

Natural Capitalism Principle One: Buy time by using resources more productively. Efficiency, the core of the first principle of Natural Capitalism, is the fastest way for industries to achieve immediate cost reductions. It doesn't require drastic technological changes and redesign, just elaborate analysis and improvement in the efficiency of resources used on every step of product and services' operations. Using resources more productively lowers costs for business and society, enhances profitability, and preserves social cohesion and vital living systems. It enables economies to prosper during tough economic times. Perhaps most important, using less stuff, whether energy, water or material inputs, saves to implement the longer-term strategies that are more sustainable and more impactful. It slows resource depletion, lessens pollution, and increases employment with the creation of meaningful jobs. Efficiency can also deliver immediate financial savings throughout nearly every part of the industrial value chain. It can improve a company's reputation and brand equity, while reducing its environmental footprint.

Eco-efficiency, the most popular approach for efficient use of resources can be defined as

- A reduction in the material intensity of goods or services;
- A reduction in the energy intensity of goods or services;
- Reduced dispersion of toxic materials;
- Improved recyclability;

- Maximum use of renewable resources;
- Greater durability of products;
- Increased service intensity of goods and services.

Efficiency measures often don't require technological improvements. Sometimes, such measures do not even require a capital expenditure. The TK Chemical Complex Ltd, a privately owned, medium size paper mill located in Chor Khyderpur near Chittagong in Bangladesh, producing office paper for the Bangladeshi market, was able to largely reduce energy and water use simply by implementing better management policies.

Efficiency measures are especially appropriate for the supply chain and SMEs. Wal-Mart, the world's largest retailer, announced a corporate commitment to sustainability. The company began by implementing the first principle of Natural Capitalism, reducing waste. Companies that implement eco-efficiency not only reduce their costs and their environmental footprint, they often find that they drive corporate innovation.

The challenges facing the world demand rapid actions. Much of the current unsustainability that is driving economic and environmental systems to collapse comes from using resources inefficiently. Using less material contributes to sustainable production methods.

Natural Capitalism Principle Two: Redesign Everything. Using resources more efficiently is the first step to transform industry to be more sustainable, but redesigning how we make and deliver essentially every product and service is clearly the vital second step. The second principle of Natural Capitalism emphasizes industrial improvement through better design. Approaching the design and production process in a more holistic way, and choosing more wisely at each step can reduce the impacts that our manufacturing has on the planet and its inhabitants. Through redesign, industries can reduce the amount of energy and materials needed to produce a wide array of products; rely more on renewable energy processes and materials sources; reuse materials instead of using

virgin inputs; and eliminate toxicity from production processes, products, and residues.

Several approaches can guide comprehensive industrial redesign. These include biomimicry; cradle to Cradle and industrial Ecology.

Biomimicry: Biomimicry asks the simple question, “How would nature do business?” The discipline of Biomimicry studies nature’s best ideas and then imitates these designs and processes to solve human problems. It points out that nature delivers a wide array of products and services, but in a manner very different from that of human enterprises. Nature, for example, runs on sunlight, not large flows of fossil energy. It manufactures everything at room temperature, next to something that is alive. It makes very dangerous substances, as anyone who has been in proximity to a venomous snake knows well, but nothing made by nature has the toxicity or longevity of nuclear waste that remains deadly for millennia. Nature creates no waste, using the output of all processes as the input to some other processes. Nature shops locally and creates beauty.

Biomimetic Principles at Work: Look to nature for solutions to problems. Biomimicry offers a future vision of industrial manufacturing that can be inherently clean—by design. Companies are using this approach to mimic not only the form of natural products, but also their functions and the way pieces fit into larger ecosystems.

Biomimetic Principles at Work: Nature runs on sunlight After communities, companies, countries, and regions have done as much eco-efficiency as is feasible, they should invest in renewable energy supplies. Energy generation derived from sun, wind, flowing water, and growing plants builds communities and creates more jobs than meeting energy needs using traditional fossil fuels.

Biomimetic Principles at Work: Waste from one process feeds another. Nature operates a circular economy that not only conserves resources but also reduces capital requirements by reducing virgin materi-

al-inputs. The waste from any process in nature is an input for some other processes. This can be mimicked at the scale of a single business, a village, a group of companies, or an entire region.

Biomimetic Principles at Work: Ambient temperature manufacturing, self-assembly at the molecular level. The humble abalone sits in the Pacific Ocean and in seawater creates an inner lining immediately next to the creature's body that is twice as strong as the best ceramics that humans can make using very high temperature kilns. The shell features a design of overlapping brick-like structure that makes it very hard for cracks to propagate, protecting the abalone from stone-wielding sea otters and other predators.

Cradle to Cradle. Biomimetic principles can be applied to whole industrial systems, as well. In the first industrial revolution products were designed, manufactured, consumed, and then thrown away. These products went through an open-loop cycle of Cradle-to-Grave. Nature, in contrast, operates what has been called a Cradle-to-Cradle economy, in which products are designed, manufactured, consumed, reused as many times as possible, remanufactured, and finally recycled at the end of the product's productive life. Cradle to Cradle is an approach that advocates transforming production processes from linear, extract-manufacture-throw away systems, to closed-loop

Extract-manufacture-take-back-remanufacture-systems. Introduced in Europe over 25 years ago by Walter Stahel, the approach dramatically cuts waste and drives better design (because it is clear that the product will come back to the company to be remade, and ease of disassembly and remanufacture become competitive advantages). He originated the concept of Cradle-to-Cradle industrial systems as closed-loop cycles, in which products never reach the landfill. Reusing and recycling products replace virgin material inputs. This process saves resources and saves money.

A Cradle-to-Cradle economy includes:

- Products of greater durability that are difficult to damage;
- Minimum-materials design & manufacturing;
- Components can be reused in new systems;
- Units or systems can be easily reconditioned and remanufactured;
- Products that are modular, multi-functional;
- Sub-components are standardized, self-repairing and easy to repair;
- Products that are easy to repair or upgrade;
- Recovery of scrap;
- Repair, reuse, & remanufacturing; and
- Recycling, upcycling, and down-cycling.

As manufacturing moves from an activity that depletes the carrying capacity of the planet to one that has the potential of restoration, many have advocated the three R's (reducing, recycling, and reusing) as a way to manufacture in a "less bad" way.

The promotion of the 3Rs uses resources more efficiently through:

- Reducing the need for products/materials;
- Reusing all materials and products when possible; and
- Recycling waste products to become new materials inputs.

Industrial ecology/Circular Economy: The term 'industrial ecology' was coined in 1989 by Robert Frosch and Nicolas Gallopoulos to describe the practice of bringing manufacturing and service facilities together in a symbiotic manner. In layman's terms, industrial ecology (also known in a more limited manner as 'industrial symbiosis') involves arranging businesses in a way so that wastewater, emissions, wastes and other outputs from one or more of the participating businesses can be used as raw materials by one or more of the others.

Just as natural ecosystems cycle inputs from the wastes of other organisms, industrial ecology alters production and consumption methods so that resources may be shared among industrial, country side and urban groups.

For example, in a process called ‘energy cascading’, excess energy from one company (usually in the form of residual heat or steam) can be used to provide heating, cooling or system pressure for another. The advantages include a reduction in raw material costs, low waste disposal expenses and reduced energy requirements. Additional benefits associated with symbiotic setups involve a reduction in pollutants, a decrease in company regulatory burdens and lower demands on municipal infrastructures

Sketching a vision of an economy in loops (or circular economy) based on industrial ecology, Stahel analysed the micro and macro-economic aspects of cars and buildings and concluded that every product-life extension, in comparison with conversion of virgin material into a new product, saved enormous amounts of resources, and substituted the use of people for the expenditure of energy.

This approach, now known in Asia as a “Circular Economy,” requires clear and frequent communications among all stakeholders, including: government agencies, private organisations, and consumers. It offers solutions to the main challenges facing society today.

Natural Capitalism Principle Three: Restore human and natural capital by managing all institutions for sustainability. Buying time with resource productivity and redesigning products put industry on the path towards sustainability. But truly shifting from unsustainable to sustainable manufacturing industry will require that society establish ways of doing business and of managing all institutions to ensure that through their activities, they are restorative of human and natural capital. This third principle of Natural Capitalism describes how industry can implement long-term initiatives that enhance human well-being and nurture ecosystems and natural resources so that they are able to provide society’s needed goods in perpetuity. This will require innovation and cooperation between businesses, governments, and citizens. But anything less will fail to meet the serious challenges that now threaten life on the planet.

INVESTMENTS: ETHICAL INVESTMENTS

8.1 Compass: Investments

8.1.1 In which areas can Christians invest or not invest?

Investments are a result and an expression of the strategy of the company, based on its values and objectives. Investments show the real priorities: e.g. investing in environmental measures like water purification unit or air cleaning, planting trees around the company, or investing in a luxury statute of the founder entrepreneur.

In ethical investments (see literature at the end), exclusion criteria are normally formulated: not investing in life destroying sectors such as weapons production and trading, drugs, tobacco, alcohol, pornography. Positive investment criteria include investing in renewable energy, products of basic needs, life maintaining infrastructure, education etc.

With the development of actuary on investment impact, we have more and more technologies for the ability to calculate the weight of the economic cost and the social costs with economic benefits and social benefits. Originally, investments were decided regardless of the field, only based on the figure if the economic benefits of the investment outweigh the economic costs, which means financial profit. Under the guidance of the Christian faith, the new formula is that ethical invest-

ment is if economic benefits and social benefits are greater than the economic costs and social costs.

It is most important to decide investment strategies which are based on the values and virtues defined by the entrepreneur and the company.

8.1.2. How to invest?

The “how” has to do with the investment strategy and portfolio. Ethical investments need profit-orientation, but not as profit maximisation, but as profit optimization. It means that the risks taken and the profit expected must correspond to the values such as fairness and transparency and virtues like honesty and sufficiency.

Investment is not only to choose a good project. It is more important to invest in a good team. Choosing a good team with ethics and entrepreneurship is the key to a successful investment. Good people plus good projects equals good investment.

Timing is an important additional element of investment. Many good technologies and products quickly run out of investors’ money due to others who appear earlier in the market. Investment also means to catch investment opportunities.

How to grasp the opportunity? How to deal with uncertainty and risk?

Facts have proven that the Christian faith will increase people's confidence in the future. Under the same conditions, faith will increase the probability of success. When we are faced with the same difficulties and risks, those people are successful who adhere to find ways to have more opportunities to overcome difficulties.

8.1.3 How to get investors?

Credo, credibility and credit are closely connected and come from the same Latin word *credo* (I believe my faith): The faith and values of the entrepreneur are the basis of his/her credibility. Credibility is the

basis and condition for an investor to invest. This credibility needs of course a coherent business plan and strategy and a transparent reporting to the investor. This may also include reporting failures and challenges because the investor needs a realistic picture of the company. Trust and credibility can only be built with this transparency.

Value and expected profit is the unavoidable target of investors. In a good credibility and integrity bases the project is more likely to have a high return, thus the project is likely to get investors. The returns we are talking about is not only the return of the economy, but the return of social values.

Biblical References on Investments

Mt 25:14: Parable of the talents to use and invest with return

1 Cor 12-14: the spiritual gifts and its correct use: spiritual gifts (12:1-11), one body, many parts (12:12-31), love as the core gift (13:1-13), gifts of prophecy and tongues (14:1-25).

Other Materials on Investments

On Socially Responsible investments SRI

http://en.wikipedia.org/wiki/Socially_responsible_investing

UN Principles on Responsible Investments (www.unpri.org)

Christoph Stückelberger: Churches and Ethical Investments. From Declarations to Transparent and Sustainable Investments, Berne 2005, in idem, *Global Ethics Applied*, Vol 1 *Global Ethics, Economic Ethics*, 144-153.

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Summary: Compass Investments

Criteria for ethical investments

1. *Exclusion criteria* (no investment in weapons, alcohol, porno etc.).
2. *Impact criteria* (invest in real economy with impact for the needy and not in speculation. *Measure the economic, social, cultural, religious and political impact and value and not only the economic*).
3. *Best in class criteria* (in the most ethical, sustainable within a sector).
4. *Fair interest rates*: Taking and paying interests is ethical if it follows ethical criteria.
5. *Balancing investments and donations* and placement of a part of the capital in philanthropy.
6. *An ethical team and ethical projects* are equally important.
7. *Faith can overcome uncertainty and enables one to take realistic risks..*



Make ethical investments!

8.2. Roadmap: Investments

Ethical investment and banking decisions have the power to change lives for the better, so be aware of how your money is being used. For example, your money could be supporting companies involved in the fur trade, arms dealers who supply oppressive regimes, or companies involved in the production or extraction of fossil fuels – the primary contributor to climate change. Invest in business ideas and activities that promote and support recycling, waste minimisation, efficient use of resources, resolve social and environmental problems, promote healthy

and happy lively hoods, and the production of sustainable natural products.

8.2.1 Indicator for Ethical Investments

A Christian Entrepreneur should analyse his/her investment portfolio (of the company and the private wealth management) and develop selection criteria and a plan for ethical investments. A number of investment standards and specialised rating agencies and funds for ethical, sustainable and impact investments are available to support such efforts.

Details and Clarifications

Ethical investments exist in manifold forms and with different terminologies such as social investments, responsible investments, impact investments and ethical investments. Different approaches select the investment universe:

Negative selection criteria represent the classical, “first generation” approach: no investments in production and trade of tobacco, alcohol, arms, pornography and – controversial – in nuclear energy, genetically modified organisms (GMOs) and no investment in dictatorial and racist countries or heavy violation of Human Rights.

Positive selection criteria select companies based on their positive efforts above average. It is the “second generation” approach. The *Best-in-Class* approach as one of them is rating the companies of one sector or industry (class) with negative and positive criteria and selects the best, e.g. the least polluting in the oil industry, the car industry etc.

Impact investing is placing capital in businesses and funds that combine financial and social returns. These businesses can thus have social or environmental impact at a scale that purely philanthropic interventions usually cannot reach. This capital may be in a range of forms including equity, debt, working capital lines of credit, and loan guarantees.

Examples in recent decades include many investments in microfinance, community development finance, and clean technology. Impact investing has its roots in the venture capital community, and an investor will often take active role mentoring or leading the growth of the company or start-up. Impact investing has become prominent in international development, where funds and organisations are using this approach.

Community Investment emphasises the direct investment in community projects, social entrepreneurs in a community etc. an institution, rather than purchasing stock, an investor is able to create greater social impact. For example, money invested in a Community Development Financial Institution may be used by that institution to alleviate poverty or inequality, spread access to capital to under-served communities, support economic development or green business, or creates other social good. Community investing institutions use investor capital to finance or guarantee loans to individuals and organisations that have historically been denied access to capital by traditional financial institutions.

Social investment is investment of resources (financial, labour and other non-financial resources) in activities, initiatives and programs which are aimed at improving social aspects of community life, without direct economic value and return for the company (more in chapter 11.2.8).

Microfinance investments are the main form of community investments and grew in the last two decades substantially.

Positive investing is another term for the described positive selection criteria and impact investments.

The *ESG-Criteria* are broadly accepted in the ethical investment communities: Environmental, social and governance criteria are combined.

Creation Oriented

ENVIRONMENT: PERFORMANCE AND RESOURCES

9.1 Compass: Environment

9.1.1 What are the Biblical principles and values for environmental protection?

9.1.1.1 The framework of Christian (and Jewish) biblical thinking on environment

1 Environment is God's creation. For men, environment means what is surrounding human beings. In the Bible, men and his or her surroundings are both created by God. Men's environment is a gift of God, owned by God and not by humans. Thus, although men are in the centre at one's surroundings, it does not mean men can use them in an anthropocentric way. Human beings are also part of the creation.

2 God calls his creation "good", everything that God created was good (Gen 1,31). But with the fall and sin of human beings this originally good creation became "polluted" by evil. This is the creation we live in which is not perfect. Therefore, the ecological relationships in history, such as food chain and the like, are not perfect.

3 All creatures (human beings first, but also animals and plants as part of creation) are thirsting for salvation, for liberation from sin (Roman 8:22) and for the eternal new creation, the "new heaven and new earth" (Rev 21:1). At the time, God "will wipe every tear from their eyes.

There will be no more death or mourning or crying or pain” (Rev. 21: 4); God is “making everything new” (Rev. 21:5); “The wolf will live with the lamb, the leopard will lie down with the goat ... They will neither harm nor destroy on all my holy mountain, for the earth will be full of the knowledge of the Lord as the water cover the sea.”(Isaiah 12:6--9)

9.1.1.2 The Biblical Principles about creation/environment

1 *Human beings and non-human creation are all creatures of God*, therefore “brothers and sisters” in the broader sense. They all together build the ecosystem where the parts depend on the whole. The Christian view is not anthropocentric nor bio-centric but God-centred. Therefore, as God’s creatures together, all have a sacred and inviolable dignity and bear the blessing of God for eternal life.

2 *Taking care of the creation is an integral and important part of Christian faith.* Human beings as created “in the image of God” (Gen 1:27) they are called by God “to have dominion ... over every living thing that move upon the earth.” (Gen 1:28). They then have the ability to transcend other creatures and the right to use resources. But at the same time, it combines with a special responsibility “to take care of it” (Gen. 2:15)! This combination demonstrates the “dominion” as servant-management that is to accomplish the will of God the Creator, not the people themselves. The good King in the Old Testament was the King who served the people. The incarnation of Jesus Christ and his obedience to the Father has set up a model of taking care of the creation. Exploitation and destruction of the environment violates God himself and his name and is opposite to the Christian faith. Environmental protection is for Gods glory, but also for the -interest of human beings who cannot survive without clean air, drinking water, fruitful soil and existing forests.

3 A key instrument to increase respect for creation and caring for the resources is to *worship and praise God by songs, prayer and dancing*, such as the song “Come Creator Spirit” (Veni Creator Spiritus). With

the image of God is the prerequisite and guarantee for men to take care of the creation, and in fact this responsibility in history is call for people to reconcile with God the Creator by the cross of Jesus Christ. In worship and praise to God, men are in God and God is in men and then the task of caring is accomplished. Thus, for human beings in history, the six-day's work from Monday to Saturday is to participate in the maintenance and continuous creation of God for the glory of God, and the worship of Sunday is to foretaste the eternal Sabbath in the Kingdom of God.

9.1.1.3 Characteristics of Bible-based Environmental Protection

1 Sustainable Development: Human and non-human beings are all guests on earth. The guests who are invited by God to attend the wedding banquet in the eternal life do not include only human beings, but also non-human beings; not only the current generation, but also the future generations. Therefore, we should use resources with an attitude of God-fearing and respect for all of other guests (present and future). On the one hand, like the "good servant"(LK 19:11--27), we keep the earth resources prolific; on the other hand, according to the principle of manna (Exodus 16), we consume resources in a sustainable way so that the future generations can also benefit as the guests on earth.

2 Green Economy: Christian Environmental ethics can of course not be separated from Christian economic ethics and both of them work on the shift of economic model from modern to ecological based on the duty of taking care of the creation. In ecological economy, the environment will become one of the decisive factors. For example, "prices should tell the truth" (Ernst Ulrich von Weizsäcker): prices of goods and services have to include the real environmental costs, e.g. for air pollution, water pollution, CO2 emissions etc. At the same time, the stimulating economic leverage will be shifted from human consumer demand only to the needs of all creatures on earth. In ecological economy, the dignity of life and well-being of existence for all creatures will become

the basic framework and behaviour guidelines of human economic activity.

3 Be Hopeful: Compared with the eco-pessimists, Christians believe that the covenant of God with his believers and his creation is not broken and still exists in Jesus Christ: God wants to do everything to save the earth as his garden and gift to humankind. Therefore, it is never too late to take part in God's actions to save the planet earth. However, compared with eco-optimist, the earth in history is a land standing up the cross of Jesus Christ so that there is no any possibility for human beings to build an ecological paradise. Because of it, Christians put their hope on the second coming of Jesus Christ and then have more courage in struggling for the dignity of all lives.

4 Trustworthy in a very small matter: Christianity as a way of life is characterized by doing little things with big love, which is based on the greatest commandment of Jesus Christ. In environmental protection, this feature is reflected in all levels and directions in the relationship between people and environment. The financial and personal means are often little, especially for small and medium enterprises SMEs. But God knows that we have limitations. But we can do the small steps that we can: waste recycling, healthy food, reducing air pollution in transport and selecting clean energy etc.

5 Pursuit of Ecological Justice: The purpose of environmental protection for Christians is not just to comply with existing laws and regulations related to the environment, but to focus on the promise of God for all of creation Christians pursue the ecological justice. Meanwhile, ecological justice for Christians is not based on people's own view of the ought-to-be of the relationship between men and environment, but in the relationship between men and God we evaluate the people's conduct in taking care of the creation. Therefore, in the function of the society as a whole, Christians will represent all creatures to pursue their right of existence and the dignity of life; and in the daily life, Christians will

become the Good Samaritan of their various neighbours (human and non-human).

6 Peaceful and Joyful: The presence of God determines the characteristics of orderly and joyful in Christian life. In Old Testament, Jewish people lived in a rhythm of Sabbath and Jubilee according to God's commandment which means work and rest, production and relief; debts and forgiveness. Jubilee (Lev 25:8-54) has a social and also an environmental meaning: every seventh year and every fifth year (the year after 7x7) should be a year of jubilee where financial and other debts are forgiven and the soil should rest, without agricultural work so that the "tired" soil can recover. Also on the seventh day of the week, the Sunday, animals should rest as workers in order to get new strength. Therefore in biblical terms the wellbeing of human and non-humans beings was never separated but always seen as two sides of the same coin. In Christian life, Church Year and Lord's Day become the basic rhythm and order. However, in modern world, because of the pursuit of profits in an isolated way we have brought the earth into modern ecological crisis; and also because of the belief "time is money" we brought ourselves into a disordered and non-cease fast-food life. Christians believe that wealth is attributable to God and the responsibility of every entrepreneur just takes part in the management of God in the given share. Thus, there is nothing too much on shoulder and there is nothing in merge for feet. What we should do is to learn in the participate process to enjoy the peace and happiness in God being with us. Therefore, the life itself of Christians will become light and salt in construction of ecological life model.

Biblical References on Environment

Gen 1:1-2:3: creation story I (historically younger).

Gen 2:4-25: creation story II (historically older).

Exodus 16.

Psalms 8: praise of God's creation.

Psalm 23: The Lord is my shepherd (caring).

Isaiah 11:6-9.

LK, 19:11-27; 10:25—37.

Roman 8:22: “The whole creation has been groaning as in the pains of childbirth right up to the present time.”

Rev 21:1: “New heaven and new earth.”

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Veni creator spiritus, come Holy Spirit, the Creator Spirit.

Summary: Compass Environment

Benchmarks for caring for environment as God's creation:

1 Human beings and non-human creation are all creatures of God.

2 Taking care of the creation is an integral and important part of Christian faith.

3. Worshipping and praising God by songs, prayer and dancing are means to strengthen environmental responsibility.
4. Caring for the environment is mandatory. It can reduce short term profit but enables mid and long term gain and reputation.



Just remember green economy for God's creation!

9.2 Roadmap: Environment

Economic and social progress and sustainability are dependent upon the health of the natural environment and ecosystems. The ecosystems and their environmental assets - such as fertile soils, clean water, forests and biodiversity - are the source of income and support for livelihoods, and they provide services to the society, such as contributions to public health, help drive economic growth, and maintain the biological foundation for human and non-human life. Thus environmental responsibility is a precondition for the survival and prosperity of human beings. *Ethical environmental performance* is one of the most important sustainability duties of the Christian entrepreneur.

9.2.1 Definitions of Environmental Performance

Ethical environmental performance means the important ethical obligation and responsibility of any Christian enterprise to improve the management and value of environmental assets while reducing environmental degradation, pollution, and other impacts caused by its own operations, its supply chain, and its products and services, to levels allowing recovery of the environmental resources and absorption of the

wastes by the natural environment. The strong commitment to ethical environmental performance is based on compliance with the highest Christian values. Ethical environmental performance is expected from any Christian entrepreneur and has direct impact on the enterprises' short-term and long-term sustainability and business success.

All decisions and activities of an enterprise invariably have an impact on the environment no matter where the enterprise is located and what services and products it provides. These impacts are associated with the enterprise's own activities such as use of resources, the generation of pollution and wastes, and other impacts on the natural habitats resulting from its own operations and facilities. An "environmental footprint" is a popular way of describing how human activities, especially business activities, can impose different impact on the planet. Reducing the environmental footprints of his/her enterprise is an important commitment of the Christian entrepreneur and one of the goals in the Christian enterprise's sustainability business strategy.

Enterprise footprint: A company footprint is the sum of the footprints of all products or services provided by a company. A product, in most cases, is made up of contributions from a chain of suppliers. It starts with raw material acquisition, and then moves on to the company's facilities (buildings with construction, furniture, heating, electricity; administration with office equipment and machines; process facilities with transportation, travel etc.; production processes and the product distribution chain, customers with downstream producers, distributors, retailers, etc.; consumers with disposal/recycling). Therefore, a product's footprint is a measure of the direct and indirect material/resource consumption and waste generation associated with all activities in the product life cycle (Source: EU Commission, Joint Research Centre, Institute for Environment and Sustainability).

Ecological footprint: It measures the land and sea area that people require to produce resources for consumption and for waste storage

(Worldwide Fund for Nature WWF). The impact of the enterprise's services and products during their whole life cycle and value chain, including: use of water and other resources, pollution, carbon emissions and other impacts of the enterprise's supply chain from the extraction of raw materials and all different stages of the production process along with the supply chain activities (upstream and downstream the value chain), through consumer use, repair and maintenance of the products, to the final end of life disposal of the products.

Supply chain: the network of organisations (e.g. manufacturers, wholesalers, distributors and retailers) involved in the production, delivery, and sale of a product to the consumer. Suppliers can be separated into *tiers*, each of which has different ecosystem impacts / dependencies. Note: Water metaphors are often used in business and finance (e.g., flow of capital, liquidity, frozen assets), and supply chain management is no different. The "upstream" flow refers to the movement of a number of elements, such as material goods, to the supplier, thus upstream supply chain refers to the networks of entities that move and operates on materials, information and financial data "upstream", i.e. suppliers. "Downstream" refers to movement in the direction of the customer, or even the consumer. Thus, downstream supply chain refers to practices and operations that move and operate on materials, information and financial data "downstream," i.e., to the customer.

Product value chain: A value chain is a chain of activities that a firm operating in a specific industry performs in order to deliver something valuable (product or service). It includes successive stages during which value is created when producing, distributing, and servicing a product. Distinct stages in the value chain may include:

- 1) *upstream value chain:* receiving and distributing raw materials (involves local communities, suppliers, transportation),

- 2) *midstream value chain*: converting raw materials into a finished product (involves employees, production processes and operations in the company) ,
- 3) *Downstream value chain*: identifying customers, distributing the products, providing customer support and end of product life services (involves transportation, recycling facilities, customers). Products pass through activities of a chain in order, and in each activity the product gains some value. (Wikipedia; G4 GRI Guidelines Exposure Draft).



Company value chain: It is all of the upstream and downstream activities associated with the operations of the company.

Carbon footprint (of an enterprise or a product): Overall amount of carbon dioxide (CO₂) and other greenhouse gas (GHG) emissions produced/emitted. (Source: EU Commission, Joint Research Centre, Institute for Environment and Sustainability)

Water footprint (of an enterprise or a product): Is an empirical indicator of how much water is consumed, when and where, measured over the whole supply chain of the product, for all products and services provided by a company, or for a specific individual enterprise or production facility. (Source: Water Footprint Network)

Ecological rucksack of a product – definition: The term for the amount of waste a product leaves behind as it winds its way from raw material harvesting through production and afterwards is called ecologi-

cal Rucksack – and almost every product carries a greater load than which meets the eye. For example, according to Friedrich Schmidt-Bleek, formerly of the German Umweltbundesamt and the Wuppertal Institute, an ordinary cotton T-shirt carries an ecological rucksack of approximately 4,584 kilos.

Action Plans

In order to be able to address the environmental challenges and meet the VET environmental recommendations, every Christian enterprise should design an action plan focused on environmental preservation, should have an environmental management system and should be able:

- To establish commitments aimed at caring for the environment (e.g. to design an environmental policy);
- To define short and medium-term targets related to the environment;
- To establish short and medium-term action plans in regards to environment (e.g. action plan on reducing wastes, action plan on environmental risks, plan to reduce consumptions of basic materials: water, paper, energy, fuels, cartridges, IT materials, etc.);
- To design tracking indicators (based on the GRI Guidelines);
- To study the results in terms of environment;
- To encourage those groups to be conscious of the importance of caring for the environment and employees to carry out actions helping to protect the environment (e.g. energy saving, wastes recycling, amongst others);
- To collaborate with environmental organisations, to take part in forums related to this matter, amongst others;
- To promote the implementation of an Environmental Management System - ISO 14001, EMAS amongst others;
- To inform about the progress of the company in this field (reporting).

The Ethical Environmental Performance Indicators in the following chapters 9.2.2-9.2.8 present the VET expectations, recommendations and requirements for management and minimization of the environmental impacts by Christian enterprises along the value chain, and by their products and services throughout the product life cycle.

9.2.2 Indicator for Environmental Legislation, Standards, and Principles

The entrepreneur should ensure that every manufacturing facility complies with environmental laws and must validate that all input materials and components are obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations. It is expected that in addition to meeting specific laws and regulations the Christian entrepreneurs become leaders in the implementation of measures for reducing air and water pollutants, energy and water usage, and waste. They should have an awareness of significant environmental aspects and impacts, both positive and negative of their enterprises.

Details and Clarifications

The entrepreneur should ensure that every manufacturing facility complies with:

- environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal, etc.;
- regulations such as acquiring the necessary permits and approvals relating to waste disposal, air emissions, wastewater discharge, water use, energy conservation, Greenhouse Gases, hazardous substances, environmental impact assessment, land use, and noise pollution.

The enterprise must validate that all input materials and components are obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

In addition to meeting specific laws and regulations, the Christian entrepreneurs should respect and promote as part of his/her enterprise management, the widely accepted environmental principles established by ISO 26000 and adopted by VET, as follows:

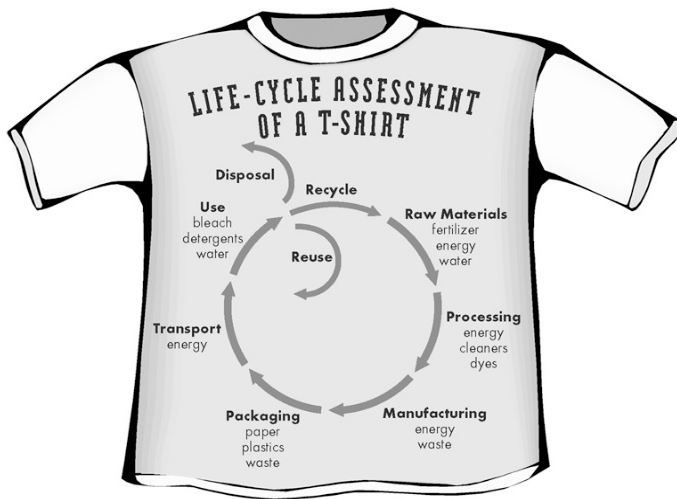
Environmental responsibility principle: A Christian enterprise should assume responsibility for the environmental impacts caused by its activities in rural or urban areas and the broader environment. In recognition of ecological limits, it should act to improve its own performance, as well as the performance of others within its sphere of influence (upstream and downstream supply chain, and stakeholders within the enterprise's sphere of influence).

Precautionary approach principle: Based on the concept that where there are serious threats or irreversible damage to the environment or human health, lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation or damage to human health. When considering the cost-effectiveness of a measure, an enterprise should consider the long-term costs and benefits of that measure, not only the short-term costs to that enterprise.

Environmental risk management: An enterprise should implement programs using a risk based and sustainability perspective to assess, , reduce and mitigate, avoid environmental risks and impacts from its activities. An enterprise should develop and implement awareness-raising activities and emergency response procedures to reduce and mitigate environmental, health and safety impacts caused by accidents and to communicate information about environmental incidents with appropriate authorities and local communities.

Polluter pays principle: An enterprise should bear the cost of pollution caused by its activities according to either the extent of the environmental impact on society and the remedial action required, or the degree to which the pollution exceeds an acceptable level (Principle 16 of the Rio Declaration). An enterprise should strive to internalize the cost of pollution and quantify the economic and environmental benefits of preventing pollution in preference to mitigating its impacts based on the “polluter pays” principle. An enterprise may choose to co-operate with others to develop economic instruments such as contingency funds to cope with costs of major environmental incidents.

The following approaches and strategies are recommended as solutions to implementing the above principles within the enterprise’s environmental management. The Christian entrepreneurs should assess the relevance of, and implement as appropriate, these approaches and strategies:



- *Life cycle approach* - The main objectives of a life cycle approach are to reduce the environmental impacts of enterprises’ products

and services as well as to improve their socio-economic performance throughout their life cycle, that is, from extraction of raw materials and energy generation, through production and use, to end-of life disposal or recovery. A lifecycle assessment of enterprises' products and services is necessary as a first step towards improvements in the environmental performance.

- An enterprise should focus on *innovations*, not only on compliance, but should commit to continuous improvements in its environmental performance.
- *Environmental impact assessment* - An enterprise should assess environmental impacts before starting a new activity or project and use the results of the assessment as part of its decision-making process.
- *Cleaner production and eco-efficiency* - These are strategies for satisfying human needs by using resources more efficiently and by generating less pollution and waste. An important focus is on making improvements at the source rather than at the end of a process or activity. Cleaner and safer production and eco-efficiency approaches include: improving maintenance practices; upgrading or introducing new technologies or processes; reducing materials and energy use; using renewable energy; rationalizing the use of water; eliminating or safely managing toxic and hazardous materials and wastes; and improving product and service design.
- *A product-service system approach* - This approach is used to shift the focus of market interactions from selling or providing products (that is, transfer of ownership through one-time sale or lease/rental) to selling or providing a system of products and services that jointly fulfill customer needs (by a variety of service and delivery mechanisms). Product-service systems include product lease, product renting or sharing, product pooling and pay-for-service. Such systems can reduce material use, decouple revenues from material flows,

and involve stakeholders in promoting extended producer responsibility through the life cycle of the product and accompanying service.

- *Use of environmentally friendly technologies and practices* - An enterprise should seek to adopt and, where appropriate, promote the development and diffusion of environmentally friendly technologies and services (see Principle 9 of the Rio Declaration).
- *Sustainable procurement* - In its purchasing decisions, an organisation should take into account the environmental, social and ethical performance of the products or services being procured, over their entire life cycles. Where possible, it should give preference to products or services with minimized impacts, making use of reliable and effective independently verified labelling schemes or other verification schemes, such as eco-labelling or auditing activities.
- *Learning and awareness rising* - An enterprise should create awareness and promote appropriate learning to support the environmental efforts within the organisation and its sphere of influence.

Resources

ISO 26000; WBCSD *Responding to the Biodiversity Challenge*; WBCSD *Connecting the Dots: The nexus between business & ecosystems*; Wal-Mart Stores Inc. *Standards for Suppliers Manual*.

9.2.3 Indicator for Pollution Management

The Christian entrepreneur should have an awareness of significant environmental aspects and impacts, both positive and negative of their enterprises' pollution and pollution management practices. An enterprise should apply the optimal practically possible measures for reducing air and water pollutants. Appropriate and adequate environmental training should be provided to all workers and management.

Details and Clarifications

Pollution – definition: Pollution is the introduction of contaminants into the natural environment that causes adverse change.[1] Pollution can take the form of chemical substances or energy, such as noise, heat or light. Pollutants (the components of pollution) can be either foreign substances/energies or naturally occurring contaminants.

To reduce their environmental impacts, organisations should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities.

An organisation can improve its environmental performance by preventing pollution, including:

- *Emissions to air:* An organisation's emissions to air of pollutants such as lead, mercury, volatile organic compounds (VOCs), sulphur oxides (SOx), nitrogen oxides (NOx), dioxins, particulates and ozone-depleting substances can cause environmental and health impacts that affect individuals differently. These emissions may come directly from an organisation's facilities and activities, or be caused indirectly by the use or end-of-life handling of its products and services or the generation of the energy it consumes;
- *Discharges to water:* An organisation may cause water to become polluted through direct, intentional or accidental discharges into surface water bodies, including the marine environment, unintentional runoff to surface water or infiltration to ground water. These discharges may come directly from an organisation's facilities, or be caused indirectly by the use of its products and services;
- *Use and disposal of toxic and hazardous chemicals:* An organisation utilizing or producing toxic and hazardous chemicals (both naturally occurring and man-made) can adversely affect ecosystems and human health through acute (immediate) or chronic (long-term)

impacts resulting from emissions or releases. These can affect individuals differently, depending on age, gender and life conditions.

- *Other identifiable forms of pollution:* An organisation's activities, products and services may cause other forms of pollution that negatively affect the health and wellbeing of communities and that can affect individuals differently. These include noise, odour, visual impressions, light pollution, vibration, electromagnetic emissions, radiation, infectious agents (for example, viral or bacterial), emissions from diffused or dispersed sources and biological hazards (for example, invasive species).

The Christian Enterprises are advised to consider specifically the following actions:

- *Wastewater & Effluents Management* – Enterprises must ensure factories: a) Obtain and maintain appropriate permits for wastewater/effluents treatment and discharge, as required by law; b) Conduct regular wastewater monitoring (sampling & testing), as required by law; c) Strictly comply with wastewater/effluents discharge limits established by competent authorities; d) Take necessary corrective actions in the event that discharge limits are exceeded; e) Have a drainage system in place to convey wastewater to treatment plant and/or final discharge points. A detailed layout or schematic of the drainage system should be available for review; f) If applicable, maintain wastewater treatment plant in safe operating conditions to avoid risks to environment and/or human health.
- *Air Emissions Management* – Enterprises must ensure that factories a) Obtain and maintain appropriate permits for air emissions as required by law; b) Conduct regular air emissions monitoring (sampling & testing), as required by law; c) Strictly comply with any applicable air emissions limits as required by law; d) Take immediate corrective actions in the event emission limits are exceeded; e) Maintain air emission control equipment on a regular basis; f) Es-

establish an inventory of sources related to air emission points, g) Maintain an inventory of ODS (ozone depleting substances); h) Seek to expand the inventory of ODS (ozone depleting substances) containment equipment; i) Inspect and maintain ODS (ozone depleting substances) containment equipment to prevent the accidental release of substances.

- *Hazardous Substances Management / Soil and Ground Water Pollution Prevention* – Enterprises must ensure that factories a) Do not utilize banned chemicals; b) Obtain and maintain appropriate permits for hazardous substances handling & storage as required by law; c) Take appropriate measures to prevent any risks of environmental pollution from hazardous substances release, including the contamination of soil and groundwater; d) Verify the existence of sensitive receptors (e.g. rivers, underground water, etc.) close to production facilities and implement special measures to prevent contamination where needed; e) Maintain an inventory of hazardous substances used and stored, which should be maintained together with relevant up-to-date Material Safety Data Sheets (MSDS); f) Provide employees with appropriate pollution prevention and response training; g) Provide employees with appropriate hazardous substance handling training; h) Report any pollution and hazardous substance incidents to the authorities as required by law.
- *Noise Pollution* – Enterprises must ensure that factories a) Obtain and maintain appropriate permit for noise pollution as required by law; b) Perform noise pollution assessments as required by law; c) Conduct regular noise pollution monitoring as required by law; d) Comply with noise pollution limits as required by law; e) Take immediate corrective actions in the event that the noise pollution limits are exceeded; f) Have an understanding and awareness of nuisance levels from site activities and associated impacts (including odor, noise, visual and general housekeeping).

9.2.4 Indicator for Ethical Consumption of Resources

The Christian entrepreneurs should have an awareness of significant environmental aspects and impacts, both positive and negative of their enterprises' resources consumption. An enterprise should apply the optimal practically possible measures for material, energy and water usage. The Christian enterprises should reject unethical practices related to use of resources, services and products and should commit to minimizing resources consumption through the adoption of 'eco-efficiency', 'waste elimination, 'pollution prevention' and other practices.

Details and Clarifications

Optimal resource consumption management includes:

- *Water Management* – Enterprises must ensure that factories a) Obtain and maintain appropriate permits for water use / extraction as required by law; b) Maintain data regarding water use consumption (e.g. water consumption data from water bills and meter readings).
- *Energy Use and GHG (greenhouse gases) Management* – Enterprises must ensure that factories a) Meet applicable legal requirements in terms of energy use and GHGs emissions; b) Obtain and maintain appropriate permits as required by law; c) Set up energy use inventory (e.g. energy consumption data from energy bills and meter readings, fuel bills, gas bills, on-site transport) and conduct regular monitoring; d) Maintain Greenhouse Gas Emissions (direct and indirect) inventory, as required by law.
- *Land Use and Biodiversity*– Enterprises must ensure that factories a) Conduct Environmental Impact Assessment and submit the results to competent authority for review and approval as required by law, b) Obtain and maintain appropriate permits for land use and facilities construction as required by law, c) Meet applicable legal regulations regarding protected land.

- *Environmental Management System* – Unless otherwise required by the law, enterprises should encourage that factories a) Obtain and maintain an environmental legal register; b) Adopt environmental policy; c) Have a mechanism in place to monitor environmental laws and regulations to achieve compliance; d) Appoint a member of management team for the coordination of environmental management activities and ensure that he/she is properly trained; e) Develop an emergency protocol to deal with environmental incidents. The emergency protocol should include emergency response plan, trained emergency team and regular drills. Emergency Response Plan should be communicated to the local authorities, emergency services, and local communities as required by law; f) Provide regular environmental training for employees.
- *Permissible Harvests and Origin of Raw (input) Materials:* Enterprises and their factories should maintain inventory records and production records to demonstrate origin of incoming materials and place of production. Factories must demonstrate through Chain of Custody documents (certifications) that raw materials (cotton, wood, etc.) are obtained from legal harvests consistent with international treaties and protocols in addition to local laws and regulations even if national regulations do not regulate harvests.

Efficient use of resources includes:

- *Sustainable and Ethical Consumption of resources.* Definition: The use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as emissions of waste and pollutants and rejecting unethical practices over the life cycle of the service or product so as not to jeopardize the needs of future generations. (Adapted and expanded definition based on the proposed definition by the 1994 Oslo Symposium on Sustainable Consumption).

- *Product waste elimination.* Definition: A design process that goes beyond the example of a carpenter examining a piece of wood before cutting it to ensure that all its pieces will be useable afterwards – or a dressmaker arranging pattern pieces on a length of fabric to reduce wasted cloth. True waste elimination takes into account the waste created during the production of a product while also eliminating the product's potential to create waste during and after its use.
- *'Clean production' or 'cleaner production'.* Definition: It is often defined as an integrated preventive strategy used in the production of products and services to increase efficiency and reduce risks to humans and the environment. According to the United Nations Environment Program, clean production is neither a legal nor a scientific definition to be dissected, analysed or subjected to theoretical disputes. Rather, it is a broad term that encompasses what many different people, countries and organisations refer to as 'eco-efficiency', 'waste elimination, 'pollution prevention' or 'green productivity'.

Four key areas for efficiency improvements are

- *Energy efficiency* - An organisation should implement energy efficiency programs to reduce the energy demand of buildings, transportation, production processes, appliances and electronic equipment, the provision of services and other purposes. Efficiency improvements in energy use should also complement efforts to advance sustainable use of renewable resources such as solar energy, geothermal energy, hydroelectricity, tidal and wave energy, wind power and biomass.
- *Water conservation, use and access to water* - Access to safe, reliable supplies of drinking water and sanitation services is a fundamental human need and a basic human right. An organisation should conserve, reduce use of and reuse water in its own opera-

tions and stimulate water conservation within its sphere of influence.

- *Efficiency in the use of materials* - An organisation should implement materials efficiency programs to reduce the environmental impact caused by the use of raw materials for production processes or for finished products used in its activities or in the delivery of its services. Materials efficiency programs are based on identification of ways to increase the efficiency of raw material use within the sphere of influence of the organisation. Use of materials causes numerous direct and indirect environmental impacts, associated, for example, with the impact on ecosystems of mining and forestry, and the emissions resulting from the use, transport and processing of materials.
- *Minimized resource requirements of a product* - Consideration should be given to the resource requirements of the finished product during use.

9.2.5 Indicator for Waste Management

The Christian entrepreneurs should have an awareness of significant environmental aspects and impacts of their waste management practices. An enterprise should apply the optimal practically possible measures for reducing waste and possibly – for eliminating waste. Appropriate and adequate environmental training should be provided to all workers and managers.

Details and Clarifications

Waste – definition: Waste is a kind of substance or an object the holder discards, intends to discard or is required to discard, and which are disposed of or are intended to be disposed of or are required to be disposed (UNEP). Waste(s) (also known as rubbish, trash, refuse, garbage, junk, and litter) is a pejorative term for unwanted materials. The

term can be described as subjective and inaccurate because waste to one person is not waste to another.

Waste management – definition: An organisation's activities may cause the liquid or solid waste that, if improperly managed, may cause contamination of air, water, land, soils and outer space. Responsible waste management seeks avoidance of waste. It follows the waste reduction hierarchy, that is: source reduction, reuse, recycling and reprocessing, waste treatment and waste disposal. The waste reduction hierarchy should be used in a flexible manner based on the life cycle approach. Hazardous waste, including radioactive waste, should be managed in an appropriate and transparent manner.

- *Enterprises must ensure their factories* a) Obtain and maintain appropriate permits for onsite waste disposal as required by law; b) Deliver hazardous waste for offsite treatment and disposal only to contractors licensed or permitted by appropriate competent authority (if any), which should be verified regularly; c) Handle, store and transport hazardous waste in a safe and environmentally (secondary containment) sound manner to control any risks of environmental contamination; d) Segregate hazardous and non-hazardous waste; e) Maintain waste containers and labels in an appropriate condition; f) Maintain waste inventory and tracking records, including the disposal and treatment of both on-site and off-site waste; g) Conduct no on-site waste burning or uncontrolled waste land filling; h) Employees be provided appropriate waste management training, including the handling and segregation of wastes.

9.2.6 Indicator for Climate Change

The Christian enterprises should be aware about the type and amount of greenhouse gas (GHG) emissions discharged from its facilities into the environment and should calculate and manage the carbon footprint of its facilities, its supply chain and its products. Every enter-

prise should have a plan for mitigation (minimisation) of its GHG and CO₂ emissions and for adapting to the changing climate.

Details and Clarifications

Climate change – definition: Climate change is a significant and lasting change in the statistical distribution of weather patterns over periods ranging from decades to millions of years. It may be a change in average weather conditions, or in the distribution of weather around the average conditions (i.e., more or fewer extreme weather events). Climate change naturally is caused by factors that include oceanic processes (such as oceanic circulation), variations in solar radiation received by Earth, plate tectonics and volcanic eruptions. The human-induced alterations of the natural world are currently causing global warming (Global warming refers to surface temperature increases while climate change includes global warming and everything else that increasing greenhouse gas levels will affect ?.) and "climate change" today is often used to describe human-specific impacts resulting in disruptions in the climate and the weather patterns.

It is recognised that emissions of greenhouse gases (GHG) from human activities, such as carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), are very likely one of the causes of global climate change which is having significant impacts on the natural and human environment. Among the trends observed and anticipated are: rising temperatures, changes in rainfall patterns, more frequent occurrences of extreme weather events, rising sea levels, worsening water scarcity, and changes to ecosystems, agriculture and fisheries. It is anticipated that climate change may reach a point beyond which changes would become far more drastic and difficult to address.

Every organisation is responsible for some GHG emissions (either directly or indirectly) and will be affected in some way by climate change. There are implications for organisations in terms of both minimizing their own GHG emissions (mitigation) and planning for a chang-

ing climate (adaptation). Adapting to climate change has social implications in the form of impacts on health, prosperity and human rights.

To mitigate climate change impacts related to its activities, the Christian enterprise should:

- identify the sources of direct and indirect accumulated GHG emissions and define the boundaries (scope) of its responsibility;
- measure, record and report on its significant GHG emissions, preferably using methods well defined in internationally agreed standards;
- implement optimized measures to progressively reduce and minimize the direct and indirect GHG emissions within its control and encourage similar actions within its sphere of influence;
- review the quantity and type of significant fuels used within the organisation and implement programs to improve efficiency and effectiveness. A life cycle approach should be undertaken to ensure net reduction in GHG emissions, even when low-emissions technologies and renewable energies are considered;
- prevent or reduce the release of GHG emissions (particularly those also causing ozone depletion) from land use and land use changes, processes or equipment, including but not limited to heating, ventilation and air conditioning units;
- realize energy savings wherever possible in the organisation, including purchase of energy efficient goods and development of energy efficient products and services; and consider aiming for carbon neutrality by implementing measures to offset remaining GHG emissions, for example through supporting reliable emissions reduction programs that operate in a transparent way, carbon capture and storage or carbon sequestration.

To reduce vulnerability to climate change, an organisation should:

- consider future global and local climate projections to identify risks and integrate climate change adaptation into its decision making;

- identify opportunities to avoid or minimize damage associated with climate change and where possible take advantage of opportunities, to adjust to changing conditions
- implement measures to respond to existing or anticipated impacts and within its sphere of influence, contribute to building capacity of stakeholders to adapt.

Examples of actions to adapt to changing climate conditions include:

- planning for land use, zoning and infrastructure design and maintenance, taking account of the implications of a changing climate and greater climatic uncertainty and the possibility of increase of severe weather, including floods, high winds, drought or water scarcity and intense heat;
- developing agricultural, industrial, medical and a range of other technologies and techniques and making them accessible to those in need, ensuring the security of drinking water, sanitation, food and other resources critical to human health;
- supporting regional steps to reduce vulnerability to flooding. This includes restoring wetlands that can help manage flood water, and reducing the use of non-porous surfaces in urban areas;
- providing huge opportunities to increase awareness of the importance of adaptation and preventive measures for the resilience of society through education and other means.

9.2.7 Indicator for Biodiversity Protection and Natural Habitat Restoration

Christian enterprises should commit themselves to the protection of the biodiversity and natural habitat restoration.

Details and Clarifications

Biodiversity – definition: Biodiversity is the degree of variation of life forms within a given species, ecosystem, biome, or an entire planet. Biodiversity is a measure of the health of ecosystems.

Natural habitat – definition: A habitat is an ecological or environmental area that is inhabited by a particular species of animal, plant, or other type of organism. It is the natural environment in which an organism lives, or the physical environment that surrounds (influences and is utilized by) a species population. Since the 1960s, human activity has changed ecosystems more rapidly and extensively than in any comparable period in history. Rapidly growing demand for natural resources has resulted in a substantial and often irreversible loss of habitat and diversity of life on earth. Vast areas – both urban and rural – have been transformed by human actions. An organisation can become more socially responsible by acting to protect the environment and restore natural habitats and the various functions and services that ecosystems provide (such as food and water, climate regulation, soil formation and recreational opportunities).

Key actions of biodiversity and habitat protection include:

- *Valuing and protecting biodiversity.* Protecting biodiversity aims to ensure the survival of terrestrial and aquatic species, genetic diversity and natural ecosystems.
- *Valuing, protecting and restoring ecosystem services.* Ecosystems contribute to the well-being of society by providing services such as food, water, fuel, flood control, soil, pollinators, natural fibres, recreation and the absorption of pollution and waste. As ecosystems are degraded or destroyed, they lose the ability to provide these services.
- *Using land and natural resource sustainably.* An organisation's land-use projects may protect or degrade habitat, water, soils and ecosystems.

- *Promoting environmentally friendly urban and rural development.* Decisions and activities of organisations can have significant impacts on the urban or rural environment and their related ecosystems. These impacts can be associated with, for example, urban planning, building

In relation to all its activities, a Christian enterprise should:

- identify potential adverse impacts on biodiversity and ecosystem services and take measures to eliminate or minimize these impacts;
- where feasible and appropriate, participate in market mechanisms to internalize the cost of its environmental impacts and create economic value in protecting ecosystem services;
- give highest priority to avoiding the loss of natural ecosystems, second to restoring ecosystems, and finally, if the former two actions are not possible or fully effective, to compensating for losses through actions that will lead to a net gain in ecosystem services over time;
- establish and implement an integrated strategy for the administration of land, water and ecosystems that promote conservation and sustainable use in a socially equitable way;
- take measures to preserve any endemic, threatened or endangered species or habitat that may be adversely affected;
- implement planning, design and operating practices as a way to minimize the possible environmental impacts resulting from its decisions on land use, including decisions related to agricultural and urban development;
- incorporate the protection of natural habitat, wetlands, forest, wildlife corridors, protected areas and agricultural lands into the development of buildings and construction work;
- adopt sustainable agricultural, fishery, and forestry practices including aspects related to animal welfare, for example, as defined in leading standards and certification schemes;

- progressively use a greater proportion of products from suppliers using more sustainable technologies and processes;
- consider wild animals and their habitats as part of our natural ecosystems and should therefore be valued and protected and their welfare taken into account; and
- avoid approaches that threaten their survival or lead to the global, regional or local extinction of species or that allow the distribution or proliferation of invasive species.

9.2.8 Indicator for Transportation Impact

Values-driven entrepreneurs should analyse the grey energy use and environmental impact of the transportation of the company along the supply chain and improve towards reduction of transportation energy in general and CO₂-emissions especially.

Details and Clarifications

Transportation of goods and services is a key factor in the ecological footprint of a company. China in its 13th Five-Year Plan 2016-2020 (see below Annex 2.2) with its Green Economy strategy sets clear goals also for transportation by increasing high speed railway (more traffic on rail than on road), by electric cars also for buses to reduce CO₂ emissions etc.

There are different levels of the topic:

On the policy level, public versus private transport is a political issue. In countries like USA private transport is an ideology which hinders expansion of railway, in African and Asian countries public transport needs substantial infrastructure investments. China with its tradition and current emphasis on public transport expansion by railway, buses and underground city systems is a good example for public transport policy.

A key issue is the pricing and tax system for transportation systems. Political decisions are needed to increase fuel-based transportation and

reduce prices for transport by renewable energy and support efforts to use human energy (bicycle, walking).

On the company level, the allocation of production units, the supply chain, the marketing strategy of products are key factors which increase or reduce environmental impact of transportation.

On the personal level, the employers, employees, their families, consumers and other stakeholders can contribute to ethical and sustainable transportation. Incentives and sanctions from company side will influence individual behaviour. Employers can e.g. give an incentive for employees coming by bicycle by counting part of their travel time from home to the workplace as working time or paying public transport for expenses but not private car costs etc.

Society Oriented

**LAW:
LEGAL AND POLITICAL FRAME**

10.1 Compass: Law

**10.1.1 Do Christian Entrepreneurs have to respect the law?
How to balance law and conscience, obedience to the
State and to God?**

In the Bible there are two dimensions of law: the judicial law of the state and the moral law/rules for daily life. In the Old Testament, both are seen as God's law, wisdom, rules for His people. In theocracy (Greek: theos=God, cratos=power), God is the ruler and installs the king as his representative. Therefore, legal and moral/social law have been close together. In the New Testament, the Law has another meaning: it is the set of over 600 detailed Jews moral and social regulations to be followed. Jesus then overcomes this law by His Gospel which is the liberating news and not the law, but the Gospel, which means believing in Jesus Christ as united with God and as the Saviour, replaces the moral/social law (law and Gospel in the New Testament). In this chapter we speak about the political, legal law, not the religious rules/law.

Christian and Christian Enterprises have to respect the state law (we are not talking about the law in the theological meaning of God's religious rules) for several reasons: 1) not respecting is illegal and can lead

to jail which can endanger the future economy of the company and its reputation; 2) From a Christian perspective, the political authorities (government, parliament, judiciary) have the task from God to govern a country and need the active support of the citizens for the benefit of the country/nation; 3) not respecting the law could lead to anarchy and all kinds of citizens self-regulations and self-defence which normally are worse than even bad laws because they normally do not protect well the weak parts of society.

The biblical Caesar Principle says: Give to God what belongs to God and to the king (Caesar) what belongs to the king (Mt 22:21) which was the answer of Jesus to the question of obedience to the law.

But this principle is balanced by the second principle which seems to be contradictory, but is rather complementary:

The biblical Peter Principle says: But be obedient first to God before to men (Acts 5:29). This is peter's answer to why he continued to teach in the temple even without permission from the Roman authorities. It means that also state authorities are under the higher authority of God.

The biblical Paul Principle unites the Caesar principle and the Peter Principle. It means that "love the other as oneself" should be the guideline for behaviours to the state as to other people. As Paul says in Rom 13:8: "Let no debt remain outstanding, except the continuing debt to love one another, for he who loves his fellowman has fulfilled the law." Paul writes this sentence to the Romans – in the capital city of the Roman Empire – just in the same chapter where he says a few verses earlier (Rom 13:1) that a Christians "must submit himself to the governing authorities, for there is no authority except that which God has established. The authorities that exist have been established by God." Therefore Paul combines the Caesar, the Peter and the Love Principle.

Jesus' Love-Principle is even more radical than Paul's love principle because he says that we should even do more than what is required by the law. The law is needed, but is not enough. Ethics goes beyond the

law, love is the new justice beyond the justice of the law, going two miles instead the one which is required (Mt 5:17-48).

Both are needed in a Christian perspective: Civil obedience wherever possible and civil disobedience where the state asks to do things which clearly violate the will of God. In practice, this is often difficult to implement. Civil disobedience needs much courage and profound faith and prayer. But in practical terms it means that individual Christians most often cannot and must not be heroes and martyrs, but Christians together can dialogue with authorities and work for changes of laws where needed from a Christian perspective. Christians then become active, responsible and at the same time loyal citizens.

10.1.2. How to deal with corruption and bribery? How to distinguish bribes and gifts?

There is *no single verse* in the Bible (or in the holy texts of Judaism, Islam, Hinduism and Buddhism) which justifies corruption. But there are many texts denying corruption as being unethical. The oldest biblical text against bribes was written when the first legal system in Israel was established. Judges have been warned to take bribes from rich people because “Bribes violate the rights of the poor” (Ex 3,28). But judges should also not do an unfair favour to poor who violated the law ((Ex 23:3). Judges have to be impartial and only partial for justice.

Bribes and gifts can be distinguished: gifts are given “on the table” (transparently), as a sign of thanks. They are limited in value and are given with free will by those who give. No return is expected. But bribes are paid “under the table” (secret, in the dark) as a requirement to get something. It is an illegal payment. It is often not paid by free will, but because the person receiving the bribe would otherwise not give the service needed and already paid by the normal price.

The implementation of corruption-free business is very difficult in many countries including China. Zero bribes must be the declared goal

of Christian enterprises. But also needed is the honesty to confess that it is difficult to implement. Mutual encouragement and working on solutions can help each Christian entrepreneurs and Companies to reduce corruption and improve corruption-free business.

10.1.3 How to deal with taxes if they are too high or unfair?

Tax optimisation can ethically be justified to some extent. It means to develop cost-reducing strategies e.g. by changes in the company legal structures, placements, investments etc.

Tax evasion by placing income and fortune outside the country can in some cases be justified, but is in most cases unethical because Nations need income from taxes to fulfil their tasks for the people. But if the state spends tax income for unethical activities like unjustified wars, resistance to pay taxes can be understood, even not tolerated for the reason not to respect the law mentioned above.

More on tax ethics can be elaborated.

Biblical References to Law

Mt 22:21: Give to God what belongs to God and to the king what belongs to the king.

Mt 5:17-48: The new justice, the new law of love.

Acts 5:29: "You must obey God rather than men."

Rom 13:1-10: The relations of Christians to the State and love as the first law.

Ex 23:8: "Do not accept a bribe, for a bribe blinds those who see and twists the words of the righteous."

Ex 23:3: "Do not show favoritism to a poor man in his lawsuit."

Mt 21:31: the unfair tax collector was converted to serve God even more than believers.

Other Materials

Witte, John, *Christianity and Law. An Introduction*, Cambridge 2008.

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Stückelberger, Christoph, *Corruption-free Churches are possible*, Geneva 2010 (download for free from www.globethics.net/publications).

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Leisinger, Klaus M., *Whistleblowing und Corporate Reputation Management*, sfwu Vol 6, München und Mering 2003 (in German).

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Summary: Compass Law

Values-driven entrepreneurs

- 1 respect the laws and regulations in the different areas of activities
- 2 resist to corruption and implement a transparent policy of gifts which can be distinguished from bribes.
- 3 pay taxes. Tax optimisation within the legal limits is allowed.
- 4 give priority to God and the own conscience over rules and laws, which means they may disobey to the law in rare cases, but then have to accept sanctions from the legal authorities.



Respect law and follow values!

10.2 Roadmap: Law

10.2.1 Indicator for Compliance to Laws and Regulations

Values-driven Enterprises must comply with all applicable national and/or local laws and regulations, including but not limited to those related to labour, immigration, health and safety, and the environment.

Details and Clarifications

Ensuring that your company is complying with the local, regional, national and international regulations is expensive, but not nearly as expensive as failing to comply. Observing the required regulations helps you avoid direct costs through fines or prison sentences but also indirect costs incurred through loss of business from a bad reputation. Making a checklist of the requirements your company needs to observe will save you money in the long run and ensure your business's integrity and reputation.

An organisation should accept that respect for the rule of law is mandatory. The rule of law refers to the supremacy of law and, in particular, to the idea that no individual or organisation stands above the law and that government is also subject to the law. The rule of law contrasts with the arbitrary exercise of power. It is generally implicit in the rule of law that laws and regulations are written, publicly disclosed and fairly enforced according to established procedures. In the context of social responsibility, respect for the rule of law means that an organisation complies with all applicable laws and regulations. This implies that it should take steps to be aware of applicable laws and regulations, to inform those within the organisation of their obligation to observe and to implement those measures.

A Christian enterprise or organisation should:

- Comply with legal requirements in all jurisdictions in which the organisation operates, even if those laws and regulations are not adequately enforced;
- Ensure that its relationships and activities comply with the intended and applicable legal framework;
- Keep itself informed of all legal obligations;
- Periodically review its compliance with applicable laws and regulations;
- Have management approach and system set up for monitoring and compliance with environmental, social, financial and other regulations and legislation;
- Monitor and report the monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations;
- Consider legitimate opportunities and channels to seek to influence relevant organisations and authorities to remedy any such conflict.

10.2.2 Indicator for Compliance to International Regulations

Values-driven Enterprises must respect international laws, regulations and norms of behaviour, including but not limited to those related to labour, immigration, health and safety, and the environment, while adhering to the principle of respect for the rule of law.

Details and Clarifications

In situations where the law or its implementation does not provide for adequate environmental or social safeguards, an organisation should strive to respect, as a minimum, international norms of behaviour.

In countries where the law or its implementation conflicts with international norms of behaviour, an organisation should strive to respect such norms to the greatest extent possible.

In situations where the law or its implementation is in conflict with international norms of behaviour and where not following these norms would have significant consequences, an organisation should, as feasible and appropriate, review the nature of its relationships and activities within that jurisdiction.

An organisation should consider legitimate opportunities and channels to seek to influence relevant organisations and authorities to remedy any such conflict.

An organisation should avoid being complicit in the activities of another organisation that are not consistent with international norms of behaviour.

10.2.3 Indicator for Balancing Legal Compliance with Values and Norms

Values-driven Entrepreneurs and their enterprises must strive for leadership behaviour and organisational performance that are not only in compliance with but go beyond the rules and regulations prescribed by the law in order to meet the highest standards and norms based on the Christian values and VET principles.

Details and Clarification

Law is not a static phenomenon, yet in certain ways it appears bounded and defined. Where it holds jurisdictional authority, law provides a set of rules for behaviour. When these rules are broken, behaviour is punishable. If you have been driving carelessly and hit another car, you might pay money damages. If you are caught stealing, you might go to jail. If you are caught polluting, you may be forced to stop. The creation of law and the delivery of sanctions for rule breaking are contested processes. How law is made, how it is enforced, and how it is interpreted are always in dispute, constantly changing, and responsive to the power relations that surround it. Still, we can identify its purposes: law both

sets behavioural standards and sets up a system for compliance with them. Within the reach of a legal system, we are on notice that we must meet its standards or risk penalty. Chances are we were not directly involved in the making of the rules—we may even disagree strongly with them—but we understand that the legal system shadows us anyway. It may be the closest we can get to a shared reality.

Ethics and values, on the other hand, present a menu of options, often disconnected from official sanctions. While law concerns what we must do based on the legal framework of rules of behaviour, ethics and Christian norms guide us about what we should do even beyond the law in addition to and/or beyond the narrow boundaries of behaviour chartered by the law. Ethical preferences are not preselected for us by legislators or by judges; they involve critical consciousness, engaging each of us in a process of bringing reason and emotion to bear on a particular situation.

A number of principles and preferences, selected from key ethical theories, are proposed as guidance to VET business behaviour:

- a) Christian entrepreneurs should contribute to the wellbeing of their communities and to the welfare of their fellow citizens. Community is valuable not merely as a means to the protection of individual rights, but also as a positive human good and a social dimension of the human nature that can be fulfilled only through relationships with others. The community has a responsibility to promote the good of its members. But this can be fully achieved only within a society whose members recognise a reciprocal obligation to act for the welfare of the community and their citizens. (from Communitarian Theory)
- b) In a given situation, the Christian entrepreneur needs to consider the consequences (of an act or a social policy) for all those affected by it and to choose the alternative that is likely to produce the greatest overall good. Both short and long-term consequences to all affected

stakeholders should be evaluated, paying close attention to the size of each group, the nature of the effects on each group, and the likelihood that particular consequences would actually ensue. Ultimately, if the benefits that flow from a decision appear to outweigh the harms, the decision can be defined as ethical.(from Utilitarianism Theory)

- c) Good Christian and moral behaviour is a matter of holding, to certain principles, rights and duties. (from Deontological Theory of ethics)
- d) Christian entrepreneurs must pay attention to what human beings are capable of being, on how they can cultivate the habits of good character that will naturally lead them to their fullest potential. People develop their moral abilities, called virtues, through training, by being repeatedly exposed to demonstrations of decent behaviour within families and communities. We learn to become courageous, generous, just, honest, cooperative, and cheerful gradually, as we become habituated to living in social settings where these qualities are exhibited and valued. Ethics, then, is not just a matter of teasing out the correct choice given a series of knotty dilemmas; it is instead a lifelong conditioning process. In harmonious relationship with their communities, people thrive, learning the habits that allow them to excel at everything they are capable of doing. In a sense, they assimilate habits of generosity, temperance, fairness and courage the way a chameleon takes on the colours around itself. People who have been raised within exemplary Christian community are able to behave by applying ethical principles to concrete situations in a rather seamless and natural way. (from Virtue ethics) .
- e) In making decisions the Christian entrepreneurs should take into account that people are deeply connected to one another and to the living and non-living elements of the environment in webs of relationships. Ethical decisions cannot be made outside the context of

those relationships and should be aiming at nurturing and reinforcing the ties we have with one another and at caring for the others. (from Ethic of care)

COMMUNITY: SOCIAL VALUE CREATION

11.1 Compass: Community

11.1.1 How to perform social responsibility and do charity work and philanthropy?

All actions of Christians should be done to the glory of God, as it was expressed in other chapters. For Christians it is therefore ‘natural’ to think of the success in private life and for the enterprise and at the same time think of the benefit and value creation for the broader community of the families of the employees, the village, the city, the nation, the needy in poorer countries and the environment. In the Old Testament, the community was the People of Israel as the religious community. In the New Testament it was the community of the parish members.

Caring and sharing are the main values related to social responsibility in the Bible. *Caring* for the weaker in society, the widows, the children, the disabled, the marginalized and the isolated/excluded from society. Sharing of material, social, natural, spiritual, intellectual and time resources means social value creation.

Diaconia is the term in the New Testament for this caring and sharing. Christians from the very first moment have been a community of sharing (Acts 2) and soon started to differentiate the calling/vocation into professions of those who were preaching, education, leading and serving.

Diaconia means care and service and is the expression of Christian faith in action. Diaconia is the origin of millions of social institutions worldwide like schools, hospitals, care for disabled, prisoners, mentally sick, drug addicted, caring for the environment etc.

Generosity: Because Christians recognise how much grace and blessing they receive every day from God, their hearts are so full of thanks that it leads to generosity. As Paul described the Christians in Macedonia/Greece in 2 Cor 8:2: “Out of the most severe trial, their overflowing joy and their extreme poverty welled up in rich generosity.”

The free will in caring and sharing is important. It is not the absolute amount which counts for God, but the relative amount, related to one has, as in the story of the widow who could give only few cents but in relative terms more than wealthy persons: Lk 21:3: “this poor widow has put in more than all the others.”

In secular terms, the community orientation of a company is called stakeholder orientation. It means to respect the interests of the investors/shareholders, but also of the employees, the closer and broader community, the state, the public and the environment as they all are influenced positively and/or negatively by the activities of the company.

In praxis, social responsibility in a Christian perspective can be implemented in very different ways and with different means:

1 *Spontaneous charity* is giving to a church collection or other direct donations, often based on immediate emotion and motivation. Advantage: immediate help. Disadvantage: not very strategic and not always effective.

2 *Professional social responsibility* means to develop a social responsibility concept of the enterprise (philanthropy concept): how much to invest in money and time of staff and voluntary work (e.g. as a church elder) and free consultancy for which purpose or project. Part of this concept is also to develop a profile of engagement which is coherent to the values and products of the enterprise and the entrepreneur.

3 *Target groups*: A Christian enterprise should include in the social responsibility also responsibility for the church as the community of Christian believers. The church is not a goal in itself, but God's hands and feet to serve the society and the nation. Christian social responsibility can never be limited to Christians and churches alone since God wants salvation and well-being of all human beings. But it has to include caring for Christians and churches.

4 *Efficiency*: Social responsibility of an entrepreneur or an enterprise has to be led by the heart, but also the rational analysis in order to be effective. The goal must have the largest possible impact as possible, in long term. Teaching to fish may then be more efficient than giving a fish. Education, research, lobbying may be efficient parts of it even if the effect is less visible in short term, but larger in long term.

Biblical References

LK 21:3: "this poor widow has put in more than all the others."

2 Cor 8:2: "Out of the most severe trial, their overflowing joy and their extreme poverty welled up in rich generosity."

2 Cor 9: "Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver."

Jn 10:11): A good name is rather to be chosen than great riches, and loving favour rather than silver and gold.

Other Materials

Literature on diaconia (social work of the churches), on philanthropy (see material from VET training in Geneva 2013 and in www.globethics.net/publications, China Ethics Series, books 2016).

Stephan Rothlin/Dennis Mc Cann, *International Business Ethics. Focus on China*, Springer, Berlin/Heidelberg 2016, 321-414. Download for free from www.globethics.net/libraries.

Summary: Compass Community

Values-driven entrepreneurs

- 1 implement social responsibility by a good relationship between the company, the surrounding community and the broader society;
- 2 contribute to community development with financial support, know how, human resources and innovation;
- 3 respect the values in procurement, measures for social hiring and integrating disabled persons.



Serve the community, then it will also serve the company!

11.2 Roadmap: Community

A number of leading writers define *social value as the creation of benefits or reductions of costs for society - through efforts to address social needs and problems - in ways that go beyond the private gains and general benefits of market activity*. Because these benefits can involve the kinds of social objectives noted above, they may accrue both to disadvantaged or disenfranchised segments of society and to society as a whole. Social value refers to wider non-financial impacts of programs, organisations and interventions, including improved wellbeing, happiness and health of individuals and communities, poverty alleviation, inclusion and empowerment, social capital, and preservation of the environment.

The competitiveness and success of a company and the “health” of the communities around it are closely intertwined. A community needs successful businesses to create jobs and provide wealth creation opportunities for its citizens as elements of community’s social wellbeing and

sustainability agenda. A business needs a healthy and prosperous community, not only to create demand for its products but to maintain healthy and sustainable resources, attract and retain talented employees, and to build a supportive environment and engagement with all stakeholders on the sustainable development agenda.

In general every company creates some social benefits as part of the shareholder value creation, primarily through increasing employment, productivity, and economic growth. Some companies generate value for their customers and the wider society through their products and services above and beyond their obvious private gains and economic impact: the computer dramatically enhanced individual productivity, learning, and creativity; the automobile promoted feelings of freedom and independence while uniting people who would otherwise rarely see each other; pharmaceuticals save lives. And so these products benefit not only individuals, but also the society as a whole.

Therefore, there are some specific characteristics and areas of business activities that are directly linked to and represent the main functions of social value creation which the Christian entrepreneurs should take into consideration. The social value creation indicators below are addressing each of these areas:

11.2.1 Indicator for Green Procurement

Christian enterprises should explore sustainable and ethical options for the products they purchase, which meet the requirements for ethical and fair operating practices and environmentally friendly products.

Details and Clarifications

Procurement – definition: Procurement is the acquisition of goods, services or works from an outside external source. It includes designing, sourcing, processing, negotiating and transporting in the acquisition of products. Christian enterprises can play an important role in being so-

cially and environmentally responsible by exploring sustainable options for the products they purchase or deliver. An enterprise can also influence its value chain through its procurement and purchasing decisions.

The following are the general VET recommendations for ethical and green procurement practices:

- Pay bills on time and at prices that enable suppliers to fulfil their own responsibilities;
- Source products and services from companies that also operate ethically;
- Understand what you procure;
- Identify the extent and nature of all products you purchase (such as stationery, uniforms, office equipment and other supplies, food and beverages);
- Identify the extent and nature of production materials;
- Explore the possibilities to replace products with sustainable options;
- Identify green or sustainable options to the products or services you now purchase;
- Identify Fair Trade options (products for which the producer has been paid a fair price);
- Consider sustainable and other options for your own products, and for clients;
- Examine if you can produce or deliver your own products and services in a more sustainable way;
- Examine if you can influence your clients to purchase more sustainable products.

Questions to Ask Before Purchasing a Product

- Can we do without it?
- Can we borrow it, rent or get it gently used?
- Can it be smaller, lighter or made from fewer materials?

- Is it energy efficient?
- Does it reduce the amount of waste destined to landfill?
- Is it locally manufactured?
- Is it made with post-consumer recycled or reclaimed materials?
- Can it be recycled?
- Is it designed to be durable or multi-functional?
- Is it made with less energy?
- Is it available in a less toxic form?
- Is it possible to reduce the amount of packaging that is used to transport the product?
- Are the product and/or packaging refillable, recyclable, repairable?
- Does it use renewable resources?
- Is reuse practical and encouraged?
- Will the supplier take it back at the end of its useful life?
- What were the health, safety and environmental conditions under which it was manufactured?
- What are the social and environmental practices of the firm that produced it?

Green purchasing – definition: Green purchasing is where you identify your environmental priorities and require your suppliers and the products and services you buy to reflect them. With green purchasing you are basically concerned with two aspects: the environmental properties of the product and how it was manufactured i.e. the environmental practices of the firm that produces, distributes or leases the products or services.

More specifically, Green purchasing encompasses some of the following objectives:

Reduce Raw Materials – Green purchasing reduces the inputs of virgin raw materials necessary in the products a business consumes. For instance, buying recycled paper with 30-100% recycled fibre reduces the

need to harvest trees for virgin paper fibre. It also requires much less energy to produce the paper.

Reduce Toxics – Green purchasing reduces the amount of toxics your business consumes. For instance, green cleaners and degreasers substitute many of the toxic ingredients, like corrosives and heavy metals, in standard chemical formulation. One restaurant in Vancouver, BC, managed to eliminate an entire cleaning process by investigating green purchasing options – they substituted a steam cleaning process for heavy chemical degreasers and now complete their oven cleaning which took three hours in six minutes.

Reduce Transportation – Green purchasing to reduce the amount of transportation associated with a product. For example, when businesses buy local products, they often reduce transportation emissions associated with their products. You might consider the opportunity of hiring freight and logistics services which disclose their fuel efficiency and environmental performance scores. A second option would be to source these services from suppliers that implement measures to reduce greenhouse gas emissions and energy and fuel consumption of their fleets.

Green the Supply Chain - In addition to looking at the environmental attributes of the products you buy, you may also wish to consider the environmental practices of the firms from which you source your services and products. Do they have an environmental commitment, for example? How do they manage their environmental impacts? A hair salon in BC that markets itself as an environmentally friendly salon not only sources organic hair products, but where organic products are not available, it sources from firms that have strong in-house environmental programs.

Buying Greener Paper - Green paper is a great start to make your green purchasing effort, since it's a kind of material that everyone uses, it has been extremely well developed and tested to work in all applications,

it's well-priced against standard products and it has many environmental benefits.

For businesses that want to take a more systematic approach, focus your effort on the supplies that you buy most often and the suppliers with whom you spend the most time. In purchasing, this typically refers to a “spend analysis” which breaks all business spending out into commodities and suppliers. It requires a more sophisticated financial system and sometime provides a business with the bigger picture on which it can leverage spending for greater environmental gains.

11.2.2 Indicator for Ethical Procurement

Ethical Procurement – definition: Ethical Procurement is the acquisition of goods, services and works which are produced under ethical conditions and improves the lives of the producers and the communities.

Typically, a business committed to ethical sourcing will adopt a “Supplier Code of Conduct” which sets out their minimum expectations of suppliers regarding wages, hours of work, health and safety and environmental conditions of operations. Suppliers’ adherence to the codes is regularly monitored and gaps in performance indicate the need to engage suppliers in programs that can improve their performance. Such efforts support healthy workplaces and communities in developing countries, meanwhile helping the business to manage its reputation risks and improve its employee morale.

Businesses seeking to integrate strong social components into their ethical purchasing programs have a number of approaches to consider, in addition to ethical sourcing, such as purchasing from social enterprises, from aboriginal/indigenous producers, from local sources and from fair trade certified producers.

Social purchasing: Unlike charitable donation which is a cost to the organisation, social purchasing can be a way to contribute to social goals

without generating additional expenses. It basically involves using a common business practice – purchasing – to guide some spending towards businesses that generate social benefits.

Fair trade products are those which have been certified by third party as paying producers in developing countries a “fair wage” to support their families and contribute to the economic development of their local communities. Fair trade also often supports access to loans and technical assistance, health care and education, training, and environmental farming practices. Typical fair trade products include coffee, tea, sugar, cotton, fruit, flower, chocolate and cocoa. In 2008 the Fairtrade Labelling Organisations International estimated that “over 7.5 million producers and their families were benefiting from fair trade funded infrastructure, technical assistance and community development projects worldwide”.

Disadvantaged groups of producers: There are other ways to support your social goals through your purchasing program, depending on your priorities. For example, you could also source from minority-owned firms, firms owned and operated by people with a disability, women-owned businesses, etc. Specific to ethical and social purchasing, you could start by identifying some low-hanging fruit areas to focus your initial efforts, such as buying fair-trade coffee or switching to a local supplier.

Beyond these quick wins, you will want to think through a broader approach, which will depend on the nature of your particular supply chain, what your major purchases are, where you are likely to have the greatest influence, where you have the largest risks, etc. Your broader approach should be informed by any important social goals you have already prioritized for your company. If you already focus on strong employee relations in your firm you may wish to ensure your purchasing doesn’t support sweatshop labour in your supply chain. If you have prioritized Aboriginal economic development as a key opportunity area for your firm, you may wish to focus your buying efforts on identifying

and sourcing from Aboriginal businesses. If you have strong connections to the local community, you may wish to focus your efforts on creating a local supply network and supporting local businesses. It's important to first draw out what your company's existing social goals are, and then refine your approach based on matching your goals to the opportunities that various suppliers can provide.

11.2.3 Indicator for Accessibility and Disability

An important community involvement objective is to ensure that the company premises, products, services and communications are free of barriers, enabling all people to use them independently, regardless of one's ability, gender, age, ethnic background etc.

Details and Clarifications

Businesses can show their commitment to inclusion by welcoming everyone so that all community members feel a sense of belonging. It means that everyone can actively participate in community life and can be recognised as having something to contribute. This is an important consideration, especially, for people with disabilities. This section focuses on customers and community members, though most measures to promote accessibility and inclusion for consumers and community members will benefit employees with disabilities as well.).

A values-driven enterprise should implement one or more of the following recommendations related to people with disabilities:

- *Accessibility of business premises:* You will want to ensure your business is physically accessible, which will benefit others including parents with children's strollers. Barrier-free access involves going beyond minimum building code requirements to minimize barriers and ensure meaningful access. Features such as low counters, accessible washroom facilities, slip resistant floors, visual fire

alarms, high contrast signage, large print and tactile lettering are some of the routes to making your premises accessible.

- *Product and services accessibility and usability:* Accessibility implies also looking at the usability of your products and services. “The 7 Universal design principles” (available at <http://universaldesign.ie/explore&discover/the7principles>) represent a commonly used design approach to products and environments to make them usable and effective for everyone (universal). Products which follow universal design principles are equitable and flexible in use, simple and intuitive, and require less physical efforts. A number of product and service “accessibility” innovations that we take for granted these days include low floor buses equipped with ramps, wide interior doors and hallways, closed captioning television, etc. Try to incorporate this notion of universality into your daily operations to create a safe and more inclusive environment and product or service array. Anticipate the needs of your disabled customers and make adjustments to make it possible for them to use your products and services.
- *Respectful communications:* The way you communicate with your customers can also improve the customer relationships for those with disabilities and others. Respectful communications include speaking directly to the person and not their attendant; use of language which puts the person before the disability (e.g., not a “wheelchair user”, but a “person who uses a wheelchair”), and asking before helping. For Web communications follow Web Accessibility Initiative Guidelines, the international standard for web accessibility.
- *Addressing the needs of people with disabilities:* The first step to advance accessibility and social inclusion is to adopt a mind-set that everyone, regardless of whether or not they are disabled, should be treated equally and according to their needs. With this perspective,

involve people with disabilities, their families and friends, in determining your approach whenever you can. Ask your customers for their views. Contact local disability and access groups for their advice. Technical institutes or university departments may be able to help you with the market research and product development required to adapt your current products to those with physical disabilities.

As you make your products, services, premises and communications more accessible to people with disabilities it will be important to accompany these measures with disability awareness training for your staff to engender comfortable interactions. Remember to ask if and how to help and tailor your actions to the response.

People with disabilities and their support communities have high expectations of how they seek to be included in community life. It is important for a socially responsible business to view people with disabilities as potential customers and employees; not as charitable causes.

11.2.4 Indicator for Social Hiring

Christian Enterprises should look for opportunities to make a direct and meaningful contribution to poverty reduction and economic and social inclusion by proactively recruiting employees with employment needs.

Details and Clarifications

Social hiring - definition: “Social hiring” is a commitment on the part of an employer to proactively recruit employees with employment needs, who face labour market barriers because of a physical, mental or developmental disability, miss-matched skills, lack of work experience or skills, long-term unemployment, lack of credential recognition, age, culture or language, etc.

People with employment barriers – something that prevents or creates a problem with getting employment – have often been out of the

workforce for a number of years and / or struggle with various issues preventing labour market attachment. A small business could target specific disadvantaged groups, such as youth, new immigrants, or people with disabilities, and locate the local or provincial resource agency which can provide the necessary hands-on support. Sometimes the employment organisation can help the business access government wage subsidy or other incentive programs, to offset some of the costs and create greater value-added for the firm. In this case, the expectation would be that the subsidy would lead to a permanent position with the employer, once the subsidy ended.

Social hiring is a means by which a firm can leverage a traditional business function (employment) to achieve social goals. Small or large firms have the opportunity of hiring people who have employment needs. The first step is to identify a suitable position, which might require some task or workplace accommodation, then to research the appropriate community or provincial organisation to help you with a job-match. If your priority is to hire youth with employment barriers, you may wish to contact youth agencies; if your priority is people with disabilities or new immigrants you may wish to contact those organisations.

11.2.5 Indicator for Social Health

Christian enterprises, both large and small, should respect the right to health and should contribute, within their means and as appropriate, to the promotion of health, to the prevention of health threats and diseases and to the mitigation of any damage to the community. This may include participation in public health campaigns. They should also contribute where possible and appropriate to improving access to health services especially by supporting and reinforcing public services.

Details and Clarifications

Health is an essential element of life in society and is a recognised human right. Threats to public health can have severe impacts on communities and can hamper their development. Even in countries where it is a role of the state to provide a public health system, all organisations can consider contributing to health in communities. A healthy community reduces the burden on the public sectors and contributes to a good economic and social environment for all organisations.

An enterprise should:

- seek to eliminate negative health impacts of any production process, product or service provided by the organisation;
- consider promoting good health by, for example, contributing to access to medicines and vaccination and encouraging healthy lifestyles, including exercise and good nutrition, early detection of diseases, raising awareness of contraceptive methods and discouraging the consumption of unhealthy products and substances. Special attention should be given to child nutrition;
- consider raising awareness among people about health threats and major diseases and their prevention, such as HIV/AIDS, cancer, heart disease, malaria, tuberculosis and obesity; and consider supporting long lasting and universal access to essential health care services and to clean water and appropriate sanitation as a means to prevent illness.

11.2.6 Indicator for Stakeholder and Community Engagement

A values-driven enterprise should proactively seek stakeholder and community engagement and opportunities for cooperating with stakeholders and communities to address social and environmental needs and problems.

Details and Clarification

Stakeholder engagement – definition: Stakeholder engagement is the process of listening and talking to the stakeholders – typically employees, customers and community members – about their issues, concerns and needs, and also the important directions and significant decisions in businesses. This will help to better meet their needs and help you to develop more robust and lasting business outcomes.

When beginning to consult and engage your key stakeholders on a new business initiative, or simply to get their feedback, concerns and ideas, you may first wish to “map” out the stakeholders that are directly and indirectly positively or negatively impacted by your business or your business decisions. Brainstorm all those you think may have an interest in your decisions and activities. Think also of stakeholders that might represent environmental concerns or the views of “future generations”.

Clearly define the “scope” of the consultation and engagement to help frame the discussion. You may wish to hold meetings or focus groups, conduct interviews, establish advisory committees, or set up an interactive website or feedback email to engage your stakeholders in dialogue on your sustainability performance, or decisions you need to make.

After the engagement process, provide a summary of the consultation to participants, and to the public if possible, listing the feedback received and reporting on how the results of the engagement are implemented. This accountability demonstrates to your stakeholders that you value their time and inputs and shows how their participation influence your decisions.

A further opportunity to promote social and environmental well-being is to look for ways to collaborate with organisations on collective projects. In Nova Scotia, Nova Credit Union collaborated with a grassroots network of thirteen other municipalities, businesses and non-profit

organisations to create the "Atlantic Canada Sustainability Initiative", a project to build capacity and momentum around sustainability within the Atlantic Region.

11.2.7 Indicator for Church Support

For Christians and Christian entrepreneurs, an important way of engagement for faith and society is the contributions to the church with voluntary services, expertise, functions in parish Boards, financial support and spiritual support in prayer and worship.

Details and Clarifications

Currently there is enormous need to support Christian churches in China, from local to provincial to national level, in churches belonging to the China Christian Council /Three Self Movement as well as house churches, enterprise churches and family churches. Manifold forms of engagement are possible and needed:

Spiritual Support: Prayer, Bible reading, worship are essential for the community life of Christians and Churches.

Knowledge Support: Entrepreneurs and employees have manifold knowledge and skills to share for sustainable church development.

Organisational Support: Entrepreneurs and managing staff have experiences in organisational development, bookkeeping, auditing and leading parishes, churches and social and academic organisations of the churches like seminaries and diaconia work.

Leadership Support: Entrepreneurs should help churches to lead in a faithful, transparent, efficient way, driven by skills and charisma of the Holy Spirit. But this as all services for the church has to be done as servant leadership and not dominating or even exploiting leadership, where then churches and parishes are instrumentalised for the own interests of the entrepreneur or his/her company

Donation Support: financial means are essential for church development, so that personal can be employed, pastors and social workers and administration persons paid so that they can full or part time serve the church.

Investment Support: Financial support is not only needed in form of donations, but also investment capital under fair conditions for church buildings, social institutions of the church, microcredit schemes etc.

11.2.8 Indicator for Social investments

Christian enterprises should consistently seek opportunities for and engage in social investment activities and programs.

Details and Clarifications

Social investment – definition: Social investment is investment of resources (financial, labour and other non-financial resources) in activities, initiatives and programs which are aimed at improving social aspects of community life, without direct economic value and return for the company.

Types of social investments may include projects related to education, training, culture, health care, income generation, infrastructure development, improving access to information or any other activities likely to promote economic or social development. In identifying opportunities for social investment, an organisation should align its contribution with the needs and priorities of the communities in which it operates, taking into account priorities set by local and national policymakers. Information sharing, consultation and negotiation are useful tools for a participative approach to identify and implement social investments.

Organisations should also encourage community involvement in the design and implementation of projects as this can help projects to develop and prosper when the organisation is no longer involved. Social in-

vestments should prioritize projects that are viable in the long term and contribute to sustainable development.

An organisation should:

- take into account the promotion of community development in planning social investment projects. All actions should broaden opportunities for citizens, for example by increasing local procurement and any outsourcing so as to support local development;
- avoid actions that perpetuate a community's dependence on the organisation's philanthropic activities, on-going presence or support;
- assess its own existing community-related initiatives and report to the community and to people within the organisation and identify where improvements might be made;
- consider cooperating with other organisations, including governments, businesses or NGOs to maximise synergies and make use of complementary resources, knowledge and skills; and
- consider contributing to programs that provide access to food and other essential products for vulnerable or discriminated groups and persons with low income, taking into account the importance of contributing to their increased capabilities, resources and opportunities.

Community social investment is an opportunity to demonstrate the environmental and social commitment to the broader community. It's important to donate to worthy causes, and it provides an opportunity to market your business (see more under Marketing).

There are several types of social investments:

Charities and Philanthropy – definition: This means giving to the community and to everybody who needs, regardless of his/her faith. Core commitment in the Christian faith is to serve everybody, not just to those who have the same faith – this is the expression of Christian faith and love!

Set up a Donations Program that incorporates the environmental and social goals. Ensure that your community or international giving has impact that reinforces your environmental and social goals by:

- Targeting some donations to environmental and/or social projects;
- Reviewing your sustainability goals and see how your community giving can help achieve your overall aims;
- Enhancing your marketing efforts by sponsoring environmental and social initiatives, non-profits and events;
- Contacting your local environmental or community / international development organisations to see if there are projects you can support with dollars or employee time.

Volunteer in addressing social and environmental needs. Another way to contribute to community causes and benefit employees is to encourage employees to volunteer for a local charity or non-profit organisation during work time. The charity or non-profit benefits from the donated talents of your employees, while your business benefits by creating a better reputation and happier, better motivated and productive employees. Not only that, but it can help build skill sets for employees and can supplement your employee training program. You can also build employee team spirit by participating in local projects together. Stream, shoreline and community clean-ups, and de-littering highways are some of the environmental opportunities available. Social projects could include building a children's playground together or holding a fund-raising auction for a health agency.

Create an Employee Volunteer Program. Create a program to benefit your staff and the community by allowing employees to volunteer to community organisations on work time. Survey your staff on their existing volunteer activities and their charities/non-profits of interest; discuss with them about their interest and potential structures for the program. Some options are: a) Paid time to volunteer; b) Award schemes to recognise employee volunteering; c) Short-term secondments to environ-

mental organisations (the company allows an employee to work in a social or environmental organisation e.g. a day a week for three months or three full months, paid by the company or half by the company and half as voluntary work by the employee); d) Team-based programs in support of sustainability projects, such as building a Habitat for Humanity home, or a stream clean up.

In kind contributions for community organisations and public institutions. In addition to charitable giving and employee volunteering, organisations can also contribute “in-kind” or non-cash items to community groups, such as surplus equipment or furniture, access to meeting facilities, or professional services such as accounting or training. Think of the many non-financial resources of your firm from your physical plant, to your fleet, to your knowledge and skills, and consider ways these assets can be shared with community organisations to help their cause.

Investment in the preservation and promotion of education and culture. Education and culture are foundations for social and economic development and part of community identity. Preservation and promotion of education and culture are compatible with respect for human rights and also have positive impacts on social cohesion and development.

An enterprise/organisation can:

- promote and support education at all levels, and engage in actions to improve the quality of and access to education, promote local knowledge and help eradicate illiteracy;
- in particular, promote learning opportunities for vulnerable or discriminated groups;
- encourage the enrolment of children in formal education and contribute to the elimination of barriers to children obtaining an education (such as child labour);
- promote cultural activities where appropriate, recognise and value the local cultures and cultural traditions, consistent with the princi-

ple of respect for human rights. Actions to support cultural activities that empower historically disadvantaged groups are especially important as a means to combat discrimination;

- consider facilitating human rights education and awareness raising;
- help conserve and protect cultural heritage, especially where the organisation's activities have an impact on it; and
- where appropriate, promote the use of traditional knowledge and technologies of indigenous communities.

COMPETITIVENESS: FAIR COMPETITION, FAIR TRADE

12.1 Compass: Competitiveness

12.1.1 How to understand competition as Christians

God will give better things and results and more blessing through competition. We'd like to quote the "Law of Sky" stated by Tencent CEO Ma Huateng. It means that "we do not follow the traditional Law of the Jungle anymore. We believe in the Law of Sky. Different people have a different sky since we have different living dimensions."

Competition also includes the idea of coaching and partner training: Israel's history is God's coaching, and sparring for Israel's competition with other nations. That is why Israel could grow up as small great nation.

Competition is cruel but can express more kindness and blessing of God: Competition can make one have the chance to "stretching forward to the things which are before." (Phil 3:13)

Being God's stewards one can achieve the 'Matthew Effect': Are you pure gold or chaff? Can you accept the fire of temper? Be the children of light and the light of the Gentiles.

The fundamental premise of competition is that justice and righteousness.

12.1.2 How to be equal in competition and trade?

Equality and equal treatment in competitions is a key task of the regulators of the business sector like the sport associations which formulate and monitor the rules of the games. Laws and rules should enable fair competition. Procurement laws, trade laws etc. That is why the rule of law and strong, transparent governmental regulations on local, national, bilateral and international level (WTO) for a fair frame are important so that - within this frame - the free market and competition can develop. This also needs necessary dispute settlement and sanction mechanisms against unfair practices. In addition, fair business is easier between like-minded persons and companies, e.g. Christian entrepreneurs and enterprises. They need to build a network and become business partners in order to become stronger in fair business.

12.1.3 How to have a Christian ethical relationship with business competitors?

Five questions are essential to be competitive: what, for whom, when, how much and with whom?

1. *What?* The quality of the product is key (see chapter 4 on product).
2. *For whom?* Who are the clients and what is the product which meets their needs?
3. *When?* When can the product be delivered? In time and faster than the competitor?
4. *How much?* What is the price?
5. *With whom?* What is the network of relations and cooperation partners?

A company is competitive by products with better quality and client-orientation, faster delivery, lower price and better (more strategic) cooperation partners. Normally not all criteria can be fulfilled or they also

contradict each other. A product can be popular even if it is more expensive as long as the quality or the brand is better etc.

Competition is fair, if the key values and virtues (chapter 1) are respected: good quality, but not at the cost of the environment or too low salaries, networking partners but transparent and not through bribes and nepotism etc.

Competition is unfair if the key values and virtues are not respected. To be a fair competitor is central for the reputation and brand of a company. "To establish your brand name, act as a fair competitor" (Stephan Rothlin, Literature below). Very difficult remains the issue of corruption. How to be corrupt-free in a corruptive setting where a company knows that the competitors get the project because they pay higher bribes than others.

Competitors are in a way business "enemies". Christian faith says love your enemy. It does not mean to accept what the competitor does, but to treat the competitor with fairness even if he treats you in an unfair way. This is a difficult task but builds the reputation of a Christian enterprise.

12.1.4 How to have a Christian ethical relationship with business partners?

To cooperate with partners is easier than to struggle with competitors which are not partners. But if the partner, e.g. another Christian enterprise with good relations, becomes a competitor for the same project, it needs a lot of modesty to become a good winner or loser of the competition. Another way with partners is not to compete in the same market, but to search different client groups, geographical presence or product specification in order to be rather complementary than doing exactly the same business.

The brothers Jacob and Esau in the Old Testament had "competition" conflicts. As solution they divided their land and became owners in different parts. Many biblical stories tell about conflicts between broth-

ers of the same faith community: Strong conflicts between the brothers Jacob and Esau as well as Jacob and his uncle Laban (Gen 27-34). In both cases it ended with reconciliation through separation of land and sharing of resources. Also the disciples/friends of Jesus had serious conflicts of competition, each one wanted to be better and more important and closer to Jesus than the other. Jesus' answer was crystal clear: "Who is the greatest in the kingdom of heaven?" He called a little child and had him stand among them. And he said: "I tell you the truth, unless you change and become like little children, you will never enter the kingdom of heaven. Therefore, whoever humbles himself like this child is the greatest in the kingdom of heaven.." (Mt 18:1-4). Competition also between friends and relatives and business partners is negative if one tries to eliminate, oppress the other or hinder him to grow. But competition is positive if it is a competition to improve products, to have better motivated staff, to grow in faith and to serve God better.

Biblical References on Competitiveness

Gen 27-34: Jacob and Esau.

Ezekiel 27:11-24: unfair trade of the King of Tiro.

Proverbs 15:16: "Better a little with the fear of the LORD than great wealth with turmoil."

Mt 18:1-4: competition between disciples.

See also chapters 4 on product and 10 on law.

Other Materials on Competitiveness

Stephan Rothlin/Dennis Mc Cann, *International Business Ethics*. Focus on China, Springer, Berlin/Heidelberg 2016, 91-111 and 273-320. Download for free from www.globethics.net/libraries.

Summary: Compass Competitiveness

Values-driven entrepreneurs

- 1 strive for fair competition by good quality products, innovation, speed in delivery etc.;
- 2 resist to unfair competition by bribes, unfair marketing etc.;
- 3 form coalitions and associations and support legal efforts to reduce and overcome unfair competition practices.
- 4 build positive partnerships with other values-driven entrepreneurs.



Be a fair competitor and a fair partner!

12.2 Roadmap: Competitiveness

Fair and widespread competition stimulates innovation and efficiency, reduces the costs of products and services, ensures that all organisations have equal opportunities, encourages the development of new or improved products or processes and, in the long run, enhances economic growth and living standards. Anti-competitive behaviour risks harming the reputation of an organisation with its stakeholders. It also risks being illegal by violating cartel laws, dumping laws and WTO regulations. When organisations refuse to engage in anti-competitive behaviour they help to build a culture in which such behaviour is not tolerated, and this benefits everyone.

There are many forms of anti-competitive behaviour. Some examples are: price fixing, where parties collude to sell the same product or service at the same price; bid rigging, where parties collude to manipulate a competitive bid; and predatory pricing, which is selling a product or service at a very low price with the intent of driving competitors out of the market and imposing unfair sanctions on competitors.

12.2.1 Indicator for Fair Competition as Christian

The Christian entrepreneur should not engage in anti-competitive behaviour and should promote fair competition.

Details and Clarifications

To promote fair competition, a Christian entrepreneur and enterprise should:

- take a reasonable competition path; that is innovation;
- say ‘yes’ to competition and ‘no’ to conspiracy;
- strive for fair competition and refuse unfair competition;
- reach competitiveness on the basis of equity and efficiency on the cooperation and achieving a win-win partnership based on trust, common witness to Christ’s virtues and blessed by God;
- conduct its activities in a manner consistent with competition laws and regulations, and co-operate with the appropriate authorities;
- establish procedures and other safeguards to prevent engaging in or being complicit in anti-competitive behaviour;
- raise employees’ awareness of the importance of compliance with competition legislation and fair competition;
- support anti-trust and anti-dumping practices, as well as public policies that encourage competition; and
- be mindful of the social context in which it operates and not take advantage of social conditions, such as poverty, to achieve unfair competitive advantage.

12.2.2 Indicator for Networking and Partnerships

In the modern globalized economy and information society, companies have competitive advantages that are able to network and partner with other companies and sectors of society.

Details and Clarifications

Building strong consortia with national or international business partners, but also with standard organisations, civil society, governmental institutions is a competitive asset for increased knowledge, sharing of risks, credibility towards local communities and reputation in global markets.

Summary all 12 Modules: A Values-driven Entrepreneur

Based on modules 1-12, a values-driven entrepreneur

1. is faithful to his/her faith and is driven by values and virtues
2. creates jobs and cares for employees
3. practices as transparent leadership style and governance
4. implements a sustainable management system
5. serves the needs of the clients with good, sustainable products and fair marketing
6. is engaged for high performance and long term fair profit
7. is engaged in innovative strategies for the long term existence of the company
8. invests company assets and private wealth ethically with impact
9. cares for the environment in all aspects of entrepreneurial activities
10. fulfils legal obligations and pays taxes
11. combines wealth with sharing a part of the wealth with the needy
12. is a fair business competitor and a fair business partner.



Easy: Just remember values!

ANNEX 1: MY CODE OF RESPONSIBLE LEADERSHIP

The following Code of Responsible Leadership is a code of ethics as a benchmark, for personal commitment in professional life, based on Christian values. It normally has to be signed especially by staff in leading positions in an enterprise or organisation and once a year monitored by the superior, e.g. the CEO or for the CEO the president (if there is) of the enterprise or organisation. The pre-condition for the implementation of this code is the commitment to follow the rules of law.

My Code of Responsible Leadership 领袖责任要素

I, [name]_____ commit myself in my leadership function as [function]_____ in the enterprise/organisation [name]_____.

我, (名字)_____ 承诺, 我在_____ 组织中的领导职责是_____。

Faith, Values and Virtues

信念、价值和美德

1. to act as a good steward of God's gifts and as a servant to the organisation;
作好上帝恩赐的好管家和组织的仆人;
2. to implement and promote the vision, mission and values of the own organisation;

（致力于通过微观金融服务促进人类发展的一个国际组织）的意向、使命和价值；

3. to act in integrity, modesty, transparency, empathy, forgiveness, faithfulness, carefulness and ethical courage;
行为诚恳、谦逊、透明、怜悯、宽恕、诚信、谨慎和具有道德勇气；

Performance and Resources

表现与根源

4. to perform in the best possible way and seek support for improvement;
尽可能以最佳方式运转，同时寻求改进的支持；
5. to develop, use, increase and maintain the manifold resources in an efficient, sustainable and transparent way;
以有效的、可持续的和透明的方式发展、使用及保持多种资源；
6. to give precedence to public interest over personal interest;
将公共利益优先于个人利益；
7. to manage time in order to honour the need for renewal of physical, mental and spiritual sources and resources;
为了使肉体上、精神上和灵魂上重生得荣耀，管理好时间；
8. to maintain and update inventories that list out the properties of the organisation and to ensure that properties are registered on behalf of the organisation;
保持、更新组织财产的清单并保证这些财产代表组织利益；
9. to avoid leasing and selling properties (both movable and immovable) of the organisation on the plea that current liabilities have to be met (limited exceptions may be reasonable under condition that full transparency and proper decision making is guaranteed);
避免以解决当前债务为借口而出租或出售组织财产（固定及非固定）的行为，（如果有充分理由并且在完全透明的制度下能够充分保障决策制定恰当是例外的情况）；
10. to strictly utilize the finance that is earmarked for specific programs and purposes without mismanagement;
针对指定项目和具体目标严格使用资产，避免管理不善；
11. to respect the laws and regulations of the country and the own organisation
遵守国家及

Reporting and Transparency

报告及透明度

12. to meet the reporting, accounting, accountability and audit standards of the organisation;
满足组织对于报告、会计、责任和审计标准;
13. to refuse to accept or give money or other incentives which can be construed as bribes;
拒绝接受或赠予金钱及其他诱惑物作贿赂;
14. to encourage and support people who are working against corruption as well as to protect the whistleblowers who expose corrupt practices;
鼓励和支持那些反对贪污腐败的人们, 同时保护揭发腐败行为的人;
15. to resist to all kinds of sexual harassment or sexual abuse of power;
抵制所有暴力的性骚扰和性滥用;
16. to declare the personal assets (movable or immovable), liabilities to the governing body while taking charge and relinquishing the office;
无论在主管工作或离职时都向主管单位明确告知你的个人资产(固定与非固定的)和债务;
17. to abstain from activities with possible conflicts of interests and consider such situations with the superior;
避免由于可能的利益冲突而产生的行为, 并且借鉴前例提前考虑到这些情况;
18. to distinguish private, public and professional life, but to be credible in all three;
能够区分私人的、公共的和职业的生活, 但是在以上三种生活中均保持信用;
19. to care for the reputation of the organisation and stop all actions which can damage it
关心组织的声誉, 阻止一切可能损害它的行为;

Staff and Leadership development

职员与领导力发展

20. to adhere to minimum labour standards with fair appointments and selection procedures, issuing of employment contract letters, medical and pension benefits to employees and their families;
遵照劳动标准进行公平的任命及选拔流程, 签署正式劳动合同, 给予员工及家属医疗和养老的福利;
21. to avoid involvement of family members in the decision making as well as administrative bodies of the organisation;

避免家庭成员参与到决策制定过程和组织的管理阶层；

22. to share and decentralize powers and duties to allow proper control and management of responsibilities; 分享并下放权力与义务，允许对责任进行适当地控制与管理；

23. to empower staff, committees and boards by training and delegation of competence to improve their participation and responsibilities; 授权全体员工、委员会和董事会进行培训和委派任务，以提高他们的参与度和责任意识；

24. to look for friends and a coach who can critically support men in my leadership responsibilities;

寻找能够在领袖责任方面对我进行批判性支持的朋友或辅导人员；

25. to plan the own leadership succession early enough since success also depends on succession;

尽早计划领袖的继承，因为成功也取决于这种继承性；

26. to support regular renewal of leadership positions and respect the agreed terms of service of this function.

支持领导职位的常规更新，尊重已达成一致的服务职能。

Monitoring

监督

This Code of Responsible Leadership is a personal commitment. I sign it voluntarily/ on decision of my organisation for all leadership positions [underline either or]. My superior agrees to monitor the implementation of this code once a year, in consultation with me, and to report the result and conclusions to the superior body.

上述领袖责任的要素是个人的承诺。我自愿签署/组织中对于所有领导岗位的职责决策。我的上级领导同意每年按照上述要素监督我的执行情况，与我磋商，再向上级单位汇报结论。

Place (地点) _____

Date (时间) _____

Signature (本人签字) _____

Signature of Superior (上级领导签字) _____

ANNEX 2: SUSTAINABLE DEVELOPMENT AND GREEN ECONOMY

1. Definitions of Sustainability

Most definitions of sustainability describe the following: processes or acts of long-term continuance; causing or allowing something to continue over a period of time; a process or action that keeps something going. It is therefore easy to conclude that, in a business context, sustainability involves the processes and actions that keep a firm solvent over time. Some of the popular definitions of sustainable development are as follows:

“Sustainable Development meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Brundtland World Commission on the Environment and Development)

“Sustainable development is a process which enables all people to realize their potential and improve their quality of life in ways which protect and enhance the Earth's life-support systems.” (Jonathan Porritt, Forum for the Future)

“Continuous improvement of life quality that protects and balances the ecological, social and economic environments.” (California Student Sustainability Coalition)

“Sustainability is a value-based aim and process with environmental, technological, political, social, economic and institutional implications. Sustainability requires that we organize our societies so that they evolve in harmony with nature; dominance over nature is a failed option. (“Towards Sustainable Societies – An Appeal to Engineers and Scientists”,

INES, the International Network of Engineers and Scientists for Global Responsibility, the document is an attempt to formulate an ethics for professionals in the development field)”

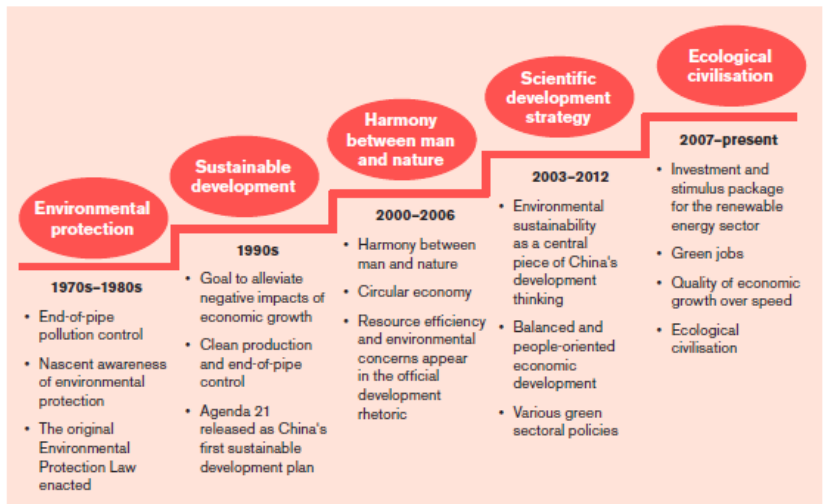
“Sustainability comes from the Latin root meaning to ‘support from below’. To sustain means to maintain, to supply with nourishment, and to support the vitality of something. The planetary bionic community, the ecosystem of our Planet Earth, as any community, must be supported from below – by its inhabitants, present and future ... through the peculiar combination of physical, cultural, and, perhaps, spiritual characteristics which inspire people to care for their community.” (Context Institute, rflyer@earthlink.net)

“Sustainable development is a process that enables present generations to live a life in dignity without endangering the life in dignity of future generations or the non-human environment.” (Christoph Stückelberger, *Global Trade Ethics*, Geneva 2002, based on his definition of 1997)

Commitment to sustainability/sustainable development is a fundamental ethical value of great importance for the Christian entrepreneurs. A sustainable society builds upon the Christ-centered sustainability beliefs, norms and values of its members and their commitment to conform to these norms and rules voluntarily, and it enforces them when necessary. The Commitment to Sustainability as an ethical and moral value requires you as a Christian entrepreneur to live without undermining the prerequisites of what you are doing, living on the land without ruining it, using without using up, limiting how much we draw down reserves in order not to deplete faster than what you replenish, and to commit to a proper kind of sensibility, and act in accordance with the highest ethical and moral norms in your relationship with other people and in your relationship with the other non-living elements and living members of the global ecosystem.

2. China's Green Economy

Green Economy is not new in China. Five stages of China's Green Economy thinking can be identified (Xiaoxue Weng et al, *China's Path to a green economy. Decoding China's green economy concepts and policies*, London 2015, 7. (<http://pubs.iied.org/pdfs/16582IIED.pdf>):



The 13th Five-Year Plan 2016-2020 mentions among the 32 policies various which are central for green economy. There is not one set of green economy policies, but it is included in many of the 32 goals:

Protection of cultivated land for grain security (7)

Land Reform (11)

Green Finance (14)

Green Production (14)

New Energy vehicles/electric cars (16)

Water Management (17)

Emissions permit system with monitoring (18)

Improved Forest protection (19).

Goals set in the Five-Year Plan 2016-2020 on environment for 2020 are:

80% of the days with clean air in prefecture-level cities

80% good water in major rivers and lakes

80% of major cities connected by high speed railways

Etc.

Source:

http://english.gov.cn/policies/infographics/2016/03/14/content_281475307392263.htm.

3. Sustainability in Macro Perspective

Sustainability is a way of working and living that balances immediate needs for commerce, living, habitation, food, transportation, energy and entertainment with future needs for these resources and systems as well as the liveliness and support of nature, natural resources and future generations.

Sustainability calls for a significant reduction in use of global natural resources and a sharing of these resources between individuals, societies and generations so that a maximum of well-being and dignity is achieved for all. It calls also for the creation of safe and peaceful living conditions and for respect for human, cultural and biological diversity.

VET views the role of Sustainability in macro perspective as a global ethical value that addresses and links together all elements of the natural environment (environmental systems and processes), and the elements of the man-made systems and human society (Economic and Financial systems; Business, Technology and Man-made environment; Laws and Regulations; Society; Ethics and Religion) in a global dynamic process which ultimate goal is to achieve and maintain sustainable state of the planetary ecosystem –

It is important to underline the deep integration and interrelation between all elements of the ecosystem and the sustainability value. Each of

the systems/elements plays a role in regard with sustainability, and is influenced by the sustainability concept and by the actions of the other systems/elements. We also must keep in mind that each system/element (environmental system; legal system; economic and financial systems; business and technology; society; ethics and religion) represents a universe of different subject areas, issues, players and activities. However, each respective player is motivated by its own reasoning and understanding of sustainability and sustainable development, speaking its own language and believing that is the most important. Thus it's difficult to gain a universal understanding of sustainability and to implement it by focusing on one area or player. To understand and practice sustainability one must apply multi-stakeholder approach in all aspects of learning, planning, implementation, reporting, engagement and communications, and must maintain firmly a grasp of the whole picture.

4. Business Perspective for Sustainability and Corporate Social Responsibility (CSR)

The word sustain describes processes or acts of long-term continuance; causing or allowing something to continue over a period of time; a process or action that keeps something going. It is therefore easy to conclude that, in a business context, sustainability involves the processes and actions that keep a firm solvent over time.

When talking about sustainability, from business perspective, we are referring to how environmental, social and economic situations (in regard with the company's goals, risks and opportunities, performance and impacts) are integrated into the business strategy and capital markets for the long term, and into the relationships and ongoing interactions between the company and its stakeholders as well as the environment.

A globally accepted definition by the World Business Council for Sustainable Development (WBCSD): "Sustainability/sustainable business development/CSR encompasses three inter-related business aspects

of sustainability – economic, environmental and social dimensions. Economic - the ability of an organisation to maintain economic profitability by generating value from its offering of products and services. Successful organisations find a way to transform their relative competitive advantages into economic values that deliver returns to their owners. Environmental - the ability of an organisation to ensure that its long-run economic behaviour does not undermine its own or the broader natural environment. This means that natural resources have a finite capacity either for exploitation or as sinks for pollutants. Social - the ability of the organisation to maintain access to resources and acceptance and satisfaction from its stakeholders and the communities in which it operates. This aspect is a recognition that an organisation operates within a broader social context and relies on it to develop and prosper. The social dimension of sustainability affects an organisation's activities at every step of the value chain – from suppliers' use of international labour to employee, customer and community engagement."

5. Relationship between Sustainability, Sustainable Development and Corporate Social Responsibility (CSR)

The synonymous use of Corporate Social Responsibility (CSR) is Sustainability and Sustainable Development (SD) or to argue that SD is the basis for CSR, and this is done quite often in various publications, which actually alters the original meaning of these terms.

The basic idea to incorporate the sustainability aspect into business management should be grounded in the ethical belief of giving and taking to run a company successfully in the long-term. Company, society and the environment are inextricably intertwined. Therefore the goal of long-term success should be fulfilled because of the company's commitment in protecting the environment and reducing its ecological footprint and because of the general acceptance of its corporate behaviour by society in- and outside of the firm.

Analysis of the past and current practices in the use of the term CSR shows that in most cases the term CSR carries a special focus on the corporate engagement with society in realizing the company's responsibilities as a member of society and in meeting the expectations of its stakeholders. Recent analysis also shows that the predominantly CSR is seen as reactive, focused on compliance with laws, regulations, and commitments to the society and builds on the traditions of corporate giving and philanthropy. On the other hand, the widely used terms like SD, sustainable business development, and sustainability are increasingly seen as focused on finding solutions to complex environmental, social and economic challenges and problems while aiming at specific targets which are not only beneficial for company's stakeholders but also for the larger global planetary community and global sustainable development goals.

The VET position is that SD goes beyond simple compliance and responsibility (CSR). Companies who commit to SD are committed to CSR but they go beyond that and contribute to the sustainable development goals by focusing on innovation and development of products and services with exceptional social value, positive impact on the society, environment and natural ecosystems, and role in the transition toward sustainability.

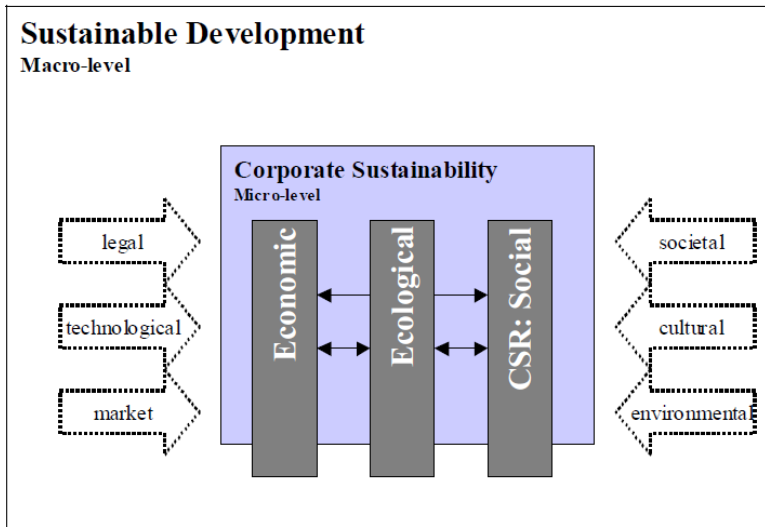


Fig. 2: Relationship between SD, Corporate Sustainability and CSR.

Fig. 2 shows SD as defined by Brundtland and the triple-bottom-line model on a macro-level and on micro- (corporate) level. The concept of SD on a corporate level is Corporate Sustainability which is based on the three pillars - economic, ecological and social dimensions of corporate activities, performance and impacts; therefore, the CSR represents the social dimension. The corporate sustainability is affected by external influences linked to specific sustainability dimensions and factors on a macro-level (six dimensions left and right side)

6. Sustainability – Scientific Principles and Pillars

A sustainable society lives within the carrying capacity of its natural and social system. It has a set of principles, rules and incentives that promote replenishing and limit depletion. A sustainable society builds upon the commitment of its members to conform to these principles and rules voluntarily, and it enforces them when necessary.

The VET presents two sets of principles which are integrated into the VET framework. Based on two scientific concepts these principles are complimenting each other, have gained global recognition, and are used as a platform for practical actions on sustainability.

7. Five Pillars of Sustainable Human Society

According to Walter Stahel, a leading scientist and sustainability expert, founder of the Cradle-to-Cradle concept: sustainability, in the specific context of sustainable human society, rests on five pillars each of which is essential for the ‘survival’ of the humans on earth. These pillars are of equal importance, they are not a subject to trade-offs and we cannot risk losing any of them. The pillars integrate the environmental and social aspects of sustainability.

The first pillar is the conservation of nature, the need to preserve intact ecosystems as the basis of our life-support systems and the foundation of a prosperous economy. This applies to such planetary systems as a stable climate and the ability of the oceans to support life, as well as to local carrying capacities, including the ability of regions to assimilate waste.

The second pillar, addresses the need to preserve individual health and safety jeopardized by economic activities. This seeks to limit toxicity and pollution of such things as heavy metals, endocrine disruptors. It is important to highlight that the first two pillars form the domain of the original environmental movement, they tend to be characterized by ‘command and control’ legislation, and historically they were met by minimalist compliance by industry. Dominated by technical experts and agency bureaucrats, these two approaches tend to cost money, and have led to the belief that protecting people and the environment is incompatible with economic prosperity.

The third pillar, according to Stahel, shifts the sustainability approach to resource productivity, innovation and entrepreneurship. It assumes increase in efficiency as the way to address such threats as climate change and loss of ecosystems. This is the approach of eco-efficiency in both industrialized and in developing countries. Stahel argues that the first three pillars allow to establish a sustainable economy, once they are implemented. But a sustainable economy is only part of the objective to reach a sustainable society. Therefore, a distinct border-line probably exists after these first three pillars, which separates techno-economic issues from societal ones. The agenda for achieving Sustainable Society must be much broader and include social and cultural issues.

The fourth pillar adds social ecology to the mix. This is the first element of the human dimension of sustainability, and includes, in Stahel's words, the search for "peace and human rights, dignity and democracy, employment and social integration, security and safety, the constructive integration of female and male attitudes. Key words here are: the commons, 'prisoners' dilemma', sharing and caring, barter economy."

The fifth pillar Stahel calls cultural ecology. It is concerned with how different cultures view the concept of sustainability and how to achieve it. It recognises various attitudes

ANNEX 3: INTERNATIONAL CONVENTIONS ON LABOUR PRACTICES

Labour Practices are subject of manifold international Human Rights conventions. The International Labour Organisation ILO with its head-quarter in Geneva/Switzerland and offices in most of the countries, is the main international organisation to promote the implementation of these standards. It is a tripartite body, where governments, employers and employees (represented by unions) have equal participation rights and obligations.

Human Rights Declarations and Conventions

The Universal Declaration of Human Rights (Universal Declaration) was adopted by the UN General Assembly in 1948, and is the most widely recognised human rights instrument. It provides the basis for human rights law, and elements of it represent international customary law binding on all states, individuals and organisations. The Universal Declaration calls on every individual and every organ of society to contribute to securing human rights. The International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights are treaties adopted by the UN General Assembly in 1966 for ratification by states, and they came into force in 1976. The International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and the optional Protocols to the Covenants, one of which aims to abolish the death penalty.

In addition, *seven core international human rights instruments* form part of international human rights law, dealing with: the elimination of all forms of racial discrimination, elimination of all forms of discrimination against women, measures to prevent and eliminate torture and other cruel, inhuman or degrading treatment or punishment, rights of the child [135], involvement of children in armed conflict, sale of children, child prostitution and child pornography, protection of migrant workers and their families, protection of all persons from enforced disappearances and rights of persons with disabilities. Taken together, these instruments form the basis for international standards for universal human rights. The instruments are binding on states that ratify them. Some instruments allow for individual complaints to be lodged, subject to procedural rules outlined in optional protocols.

Child Labour

ILO Conventions provide the framework for national law to prescribe a minimum age for admission to employment or work that must not be less than the age for completing compulsory schooling, and in any case not less than 15 years. In countries where economic and educational facilities are less well developed, the minimum age may be as low as 14 years. Exception may also be made from 13 or 12 years for “light work” The minimum age for hazardous work — work that is likely to harm the health, safety or morals of the child as a consequence of its nature or the circumstances under which it is carried out — is 18 years for all countries.

The term “child labour” should not be confused with “youth employment” or “student work”, which may be both legitimate and desirable if performed as part of a genuine apprenticeship or training program that complies with applicable laws and regulations.

Child labour is a form of exploitation that is a violation of a human right. Child labour damages a child's physical, social, mental, psychological and spiritual development. Child labour deprives boys and girls

of their childhood and their dignity. They are deprived of an education and may be separated from their families. Children who do not complete their basic education are likely to remain illiterate and never acquire the skills needed to get a job that enables them to contribute to the development of a modern economy. Consequently child labour results in under-skilled, unqualified workers and jeopardizes future improvements of skills in the workforce and future economic and social development. Child labour may also deprive youth and adult workers of work, and depress wages.

An organisation should make efforts to eliminate all forms of child labour. Efforts to eliminate the worst forms of child labour should not be used to justify other forms of child labour. An organisation should analyse the different circumstances of girls and boys and the different ways in which children from ethnic populations or populations that are discriminated against are affected, so that preventive and corrective measures can be targeted and effective. When children below the legal working age are found in the workplace, measures should be taken to remove them from work. To the extent possible, an organisation should help the child who has been removed from the workplace and his or her family to access adequate services and viable alternatives to ensure that he or she does not end up in the same or a worse situation, either working elsewhere or being exploited. Effectively eliminating child labour requires broad collaboration in society. An organisation should cooperate with other organisations and government agencies to release children from work into free, full-time and quality education.



Kingdom Business College (KBC), registered in Hong Kong and Beijing, offers training and research for Chinese business and entrepreneurs based on Christian ethics. It has a professional team of experts. Advice is related to values, environment, human resources, technological innovation, marketing, strategy, organisation, brand, enterprise culture and others. The aim is to create valuable business ethics, to enhance the core competitiveness of enterprises, to improve the enterprise management system, to build the enterprise, to become the industry leader and to take social and environmental responsibility in society in China.



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